

UNDER

**THE COMMISSIONS OF INQUIRY
ACT 1908**

IN THE MATTER OF

**ROYAL COMMISSION OF INQUIRY
INTO BUILDING FAILURE CAUSED
BY CANTERBURY EARTHQUAKES**

**KOMIHANA A TE KARAUNA HEI
TIROTIRO I NGA WHARE I HORO I
NGA RUWHENUA O WAITAHA**

AND IN THE MATTER OF

THE CTV BUILDING COLLAPSE

**STATEMENT OF EVIDENCE OF LIONEL WALTER HUNTER IN RELATION TO
THE CTV BUILDING**

DATE OF HEARING: COMMENCING 25 JUNE 2012

**STATEMENT OF EVIDENCE OF LIONEL WALTER HUNTER IN RELATION TO
THE CTV BUILDING**

I **LIONEL WALTER HUNTER** of Christchurch, Company Director say:

- 1 I am the sole director of Madras Equities Limited, the registered proprietor of the CTV Building ("the building"). Madras Equities Limited ("the company") was incorporated at Christchurch on 18 December 1990.¹ At the date of incorporation Mr Russell Ibbotson and Mr Matthew Brownie were the directors of the company.
- 2 The property was purchased in December 1990 from the Receivers of Prime West Corporation Limited. The company executed a Deed of Trust recording that the beneficial owners of the property are nine investors in the Madras Equities Partnership. The ownership consisted of nine separate investors of which I held a 1/9th share.
- 3 Since 1990 the partnership has changed considerably in the course of normal business dealings. At February 2011 the Madras Equities Partnership consisted of myself with a 4/9th share and the Eggeling family holding the remaining 5/9th share.
- 4 At the time of purchase, I do not know if any engineering reports or assessments were undertaken by Madras Equities Limited in our due diligence of the property, or that they were supplied to us by the vendor.
- 5 I personally was not involved in the due diligence of the building as I was not a director of Madras Equities Limited at that time. To the best of my knowledge, at the time of purchase, there was nothing in our dealings with the vendors that should have put us on notice that the property had any structural shortcomings.
- 6 I was happy to be part of an investment partnership to purchase the property for the following reasons:
 - a) The building was a designed by Alun Wilkie Limited, a prominent Christchurch architect.
 - b) The engineering and structural design was completed by Alan Reay Consultants Limited, who is highly regarded amongst the business community.

¹ BUI.MAD249.0394.RED.1 and 2

- c) The building had been signed off by the Christchurch City Council, so I assumed that the building met the building code as at 1990.

- 7 In September 1991 Mr Russell Ibbotson was the property manager for the building. I vaguely remember an issue in 1991 regarding a possible design fault omission by Alan Reay Consultants Limited. I understand that Mr Ibbotson's Brief of Evidence deals with this evidence.
- 8 I personally did not communicate with Alan Reay Consultants Limited in relation to this work or with the Christchurch City Council. I do not know whether Alan Reay Consultants advised the Christchurch City Council of the work and whether a building permit was obtained. I do not remember this issue being raised to me as a partner at that time.
- 9 Apparently, the remedial work was carried out by Alan Reay Consultants Limited, and I understood that it was minor repair work which was reflected in the modest contract price.
- 10 I am unaware of any other structural alterations to the building during the years the company owned the building.
- 11 I was appointed a director to Madras Equities Limited on 20 July 2001.² At this time, Mr Ibbotson was still the building manager and a director of the company. From July 2001 through to March 2010, Mr Ibbotson managed the building.
- 12 In early 2010 I was considering selling my shareholding in the company. I entered into negotiations with Mr John Drew in or around May 2010. We entered into a sale and purchase agreement for Mr Drew to purchase my 4/9th of the building. The agreement was conditional on a caveat being released over the title. At settlement a new company was going to be formed to own the building. The Eggelings intended to retain their equity in the building.
- 13 Mr Drew is a director of New Regent Medical Centre Limited. Mr Drew wanted to move the medical practice into the building and long term convert the entire building into a medical centre providing medical services through independent tenancies.
- 14 During our negotiations, Mr Drew also agreed to manage the building as Mr Ibbotson had resigned from that position on or around March 2010. A management agreement was prepared by Mr Drew's solicitor but this was never signed by the parties. The sale and purchase agreement was

² BUI.MAD249.0394.RED.4

never completed due to the ensuing earthquakes and my inability to remove the caveat in a timely manner.

- 15 I am aware that there are a few weeks from March to May 2010 where the building did not have a property manager. During this time no issues were raised by any tenant. If there were, I would have dealt with them as director of the company.
- 16 I have no information as to whether the CTV Building complied with earthquake risk under the current Building Code as at 4 September 2010.

September 2010 earthquake

- 17 I spoke with Mr Drew in the days after the September earthquake.
- 18 I understood from Mr Drew that the Council engineers had inspected the building which led to the issue of a green sticker for the building. I was not personally present for these inspections.
- 19 Mr Drew and I felt that it was prudent to instruct an independent engineer's report. Mr Drew contracted Mr David Coatsworth of CPG NZ Limited. Mr Coatsworth carried out the engineering inspection and prepared a report dated 6 October 2010³. I understand from Mr Drew that the report confirmed that the building was structurally sound. However, the building needed some repair work.
- 20 A 5.0 earthquake occurred in Christchurch on 19 October 2010 and Mr Coatsworth again inspected the building. I understood from my discussions with Mr Drew that Mr Coatsworth confirmed that the building was structurally sound and did not appear to have any more damage. I am unsure whether the company or Mr Drew received a written report after this earthquake from Mr Coatsworth.
- 21 I was keen to complete the repairs caused by the September earthquake as soon as possible, but our insurer, Vero, were slow to authorise repairs. I had regular telephone conversations with Mr Drew from September 2010 to February 2011 regarding updates on the pending repair work. It was obvious to me that Mr Drew was getting increasingly frustrated with Vero and their inability to move ahead with the repair work required.
- 22 In early January 2011 the company had decided to go ahead and approach concrete contractors to have the building inspected and to

³ BUI.MAD.249.0019.17-41

prepare quotes for repairs. I was prepared, as director, to pay for the repairs upfront and then pursue Vero for reimbursement later. At this time Vero had presented an offer to us but we were of the opinion that the repairs would be substantially more expensive.

- 23 On 17 February 2011 I met with Mr Drew and our respective solicitors in his office on the 4th floor of the CTV Building to discuss the contractor's quotes for the repair work. We also discussed the on-going problem of getting the caveat removed in order for Mr Drew to purchase my shareholding. My understanding was that Mr Drew was still keen at this time to complete the purchase.

Boxing Day Earthquake

- 24 I understand from conversations with Mr Drew (who was on holiday with family on 26 December 2010) that after this earthquake the premises of his medical practice in Gloucester Street were red stickered. We had telephone discussions regarding the medical practice moving into the CTV building. I also met Mr Drew at some stage for coffee to discuss the pending relocation. The relocation was carried out and they were open for business on 10 January 2011 in the 4th floor of the building.

My assessment of the building

- 25 I relied on the "stickered" system of the Christchurch City Council. The fact that the Council had placed a green sticker on the building after 4 September and the Boxing Day earthquakes and our independent engineering report from CPG New Zealand Limited after the September earthquake, all led me to believe the building was structurally sound.
- 26 I was unaware in the period between September 2010 and February 2011 that any of the people working in the building had concerns on the structural soundness of the building.
- 27 On 22 February 2011 I was in Hawarden with my wife in our camper van. We had just pulled into the Hawarden Domain when the earthquake struck. Later that day I watched television in a friend's home in Rangiora and realised that the CTV building had collapsed. I was very concerned for the people in the building. I worried personally about Murray Wood, whom I knew well and when I received the news that he was missing, presumed dead, I was upset. I also worried for Mr Drew and his wife who I thought were in the building at the time of collapse.
- 28 I have often asked myself whether there was anything I should have done to avoid the loss of life. I only wish there was something I could

have done. I could not sleep for months afterwards, as it weighed heavily on my mind. My heart goes out to all of the people and their families affected by this tragedy.



Lionel Walter Hunter

Date: 29th May 2012