

## **\*UPDATED\* COVID-19 (coronavirus) Building and Construction Industry Advisory**

*This document has been prepared as a general Toolbox Talk for building and construction workers and supervisors. It supplements but does not replace information from the government and Ministry of Health which will always be the primary source of advice in this matter. [Please see the MOH website for further information](#)*



**New Zealand is in lockdown. Building and Construction, other than some essential work, is on hold for at least another two weeks. Work is progressing to maintain cashflow for businesses and to facilitate a safe return to work when restrictions ease.**

### **COVID-19 What it means for business in Building and Construction**

Almost two weeks into lockdown we are seeing a reduction in the number of new cases reported daily. It's becoming increasingly clear that the actions taken by the government have limited the spread of the virus. We don't know when the level 4 restrictions will be lifted, or what will take their place. For the most up-to-date information, visit [the government's COVID-19 website](#).

NZCIC and the Construction Sector Accord (CSA) continue to work with the government to reduce the economic damage to the sector and prepare for a safe return to work.

### **Construction Sector Accord Response Plan**

Earlier this week, the Construction Sector Accord released a [three phase response plan](#) on how to best continue as an industry during and after COVID-19 alert level 4. The plan addresses ways for the industry to be maintained through lockdown, quickly and safely restarted, and transform with new priorities for the future. Two major themes across all the phases is how to best support our people and provide good health and safety practices onsite. There's a lot of work being done in the mental health and wellness space by CHASNZs, Mates in Construction and others at an organisational level.

[Mates in Construction](#) are monitoring mental health issues and promoting wellbeing for everyone in the construction industry. We would strongly encourage you to share their details with your employees and networks.

This groundwork is agile and will continue to evolve as more information about the virus and New Zealand's response to it becomes available.

## Managing through the lockdown

The government has already paid out billions in wage subsidies to businesses across the country. The subsidy is being paid upfront on a high-trust basis. While there have been allegations of some parties abusing the subsidy, it has undoubtedly saved many jobs across the construction industry. The wage subsidy alone isn't enough to sustain businesses. This week, MBIE published a [Government Contract Guideline](#) for public sector agencies dealing with contractual implications for projects of the COVID-19 lockdown period.

The guidance has already been enacted by some government agencies such as NZTA and has been received positively. We're optimistic this guidance will set a precedence which will be followed by the private sector and that parties to contract and the supply chain will work collaboratively rather than litigiously.

These are the key sections of the document:

1. **Suspension/variation.** Regarding the lockdown the Guidance states, *"These actions by the New Zealand Government would constitute the making of a statute and/or regulation giving rise to a variation claim under clause 5.11.10. On this basis, whether the Engineer has issued a suspension notice under 6.7.1 or not, the Contractor will be entitled to a variation under 5.11.10 as a result of new laws and regulation recently made relating to COVID-19. Any increase in costs arising from a change in law under 5.11.10 is treated as a variation, much the same way as a suspension instructed by the Engineer under 6.7.1 is treated as a variation."*
2. **Cashflow.** *"Agencies must consider the mechanisms they have to mitigate the risks and associated additional costs of delayed remobilisation. This includes considering a range of approaches such as forward ordering, payment in advance/prepayment, faster payment cycles, issuing purchase orders for costs incurred, interim payments, or for results-based contracts, basing payment values on previous months. Agencies should also consider changing commercial terms, such as the release of retentions or bonds that would help give Contractors additional financial flexibility during this time."....*  
  
*"As a precondition of any changes to payment terms, agencies should consider how they will ensure that any financial support or benefits intended for subcontractors actually reaches them."*
3. **Hardship.** *"Finally, agencies should consider whether additional extra-contractual financial relief is warranted and in the public interest for Contractors who have been affected by COVID-19."*

## Preparing to return to work under reduced alert level restrictions

[CHASNZ](#) is working with government and Construction Sector Accord member groups and client organisations to develop safe return-to-work processes for all who work in and around the construction sector.

At a minimum, businesses will need to be able to implement good health and safety processes, including physical distancing, hygiene and tracking of persons that pose COVID-19 exposure risks, in order to operate during alert level 3. CHASNZ, the Construction Sector Accord and industry advisory groups are developing a set of standards, principles and protocols that cover how our businesses and employees might return to work safely as a measure of support for the sector. This guidance is being developed and tested with cross-sector industry panels including government representatives.

The standards will be available on CHASNZ's website once they and the protocols (guidance on how to achieve the standards) are approved by the CHASNZ board and CSA Steering Group (including government). The protocols are expected to change as we receive feedback from the field and other sources around how to best manage work under COVID-19 alert levels.

There will inevitably be questions raised about how the standards and protocols are to be applied in the field. Ongoing support will be available from relevant membership bodies, particularly those involved in the development of the framework. These include Civil Contractors, Master Builders, Certified Builders, Vertical Leaders Group and Site Safe, as well as professional services sector organisations such as ACENZ, NZIA and Engineering NZ.

This work is considered "high priority". The framework is targeted for release next week (14 – 17 April). Once published, communications will start to be rolled out across construction and professional services bodies in the sector.

### **We are all in this together**

There's an enormous amount of work happening to plug gaps emerging during the lockdown. These include planning for the return to work, ensuring the continuation of current projects and the acceleration of new projects. This work encompasses all aspects of the industry from government, developers, contractors and the supply chain to workers and professional services, as well as traversing the civil, vertical and residential sectors.

The Construction Sector Accord Steering Group is meeting weekly and has several groups working to provide advice and guidance for government and industry. NZCIC is also having weekly meetings of the Executive and sector representatives to ensure issues that overlap different sectors are being addressed.

Follow New Zealand Construction Industry Council on [LinkedIn](#) and [Facebook](#) to keep up with any updates and for more information about who NZCIC are and what we do, visit our [website](#).

For any media inquiries or if you're interested in becoming a member, contact the NZCIC Chair, Graham Burke at [graham@grahamburke.co.nz](mailto:graham@grahamburke.co.nz) or 0212493459.