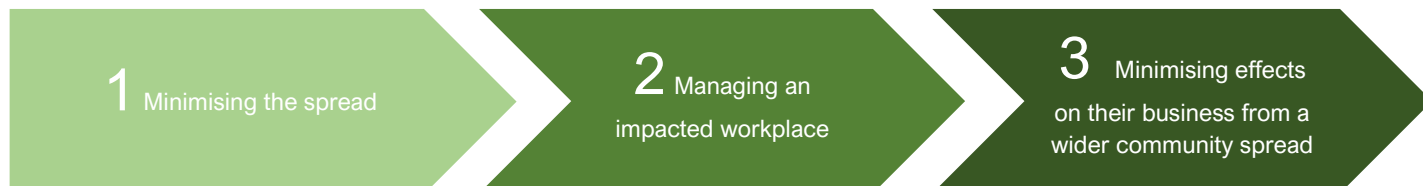


COVID 19 (Corona Virus) Construction and Building Industry Toolbox Talk and Advisory

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 www.health.govt.nz

New Zealand Construction and Building Businesses should consider and plan for how the Covid 19 situation will impact on their operations across three potential phases.



1 Minimising the spread

The New Zealand current strategy is to avoid the public health system being overwhelmed by controlling the spread of the virus. This means controlling the spread of cases by implementing border controls (keep it out) and acting quickly to quarantine known cases (stamp it out). This also includes slowing the rate of virus transmission by implementing social controls (eliminating large crowd gatherings and meetings) and effective use of public health best practices (quarantines and testing).

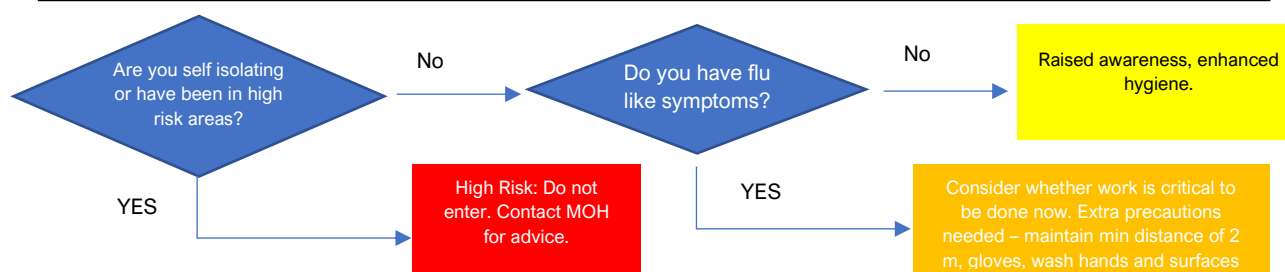
What can you and your workplace can do to limit the spread of COVID 19?

- Maintain good personal hygiene. Wash your hands frequently with soap and water. Dry your hands.
- Use Alcohol based hand sanitiser if soap and water are not available.
- Keep away from sick people, don't let them cough and sneeze on you – if you are coughing and sneezing keep yourself to yourself. Cough into your elbow. Its ok not to greet by shaking hands.
- Do not share food, drinks and personal items.
- Flu vaccination will help reduce the risk of seasonal flu and possible confusion with Covid 19, this will also relieve pressure on the health system.
- Minimise unnecessary work travel and face to face meetings in closed environments.
- Enforce strict protocols for those coming onto a work site around self-isolation

Practical things to think about for Construction to limit the spread

- Make sure there is enough water, soap and handtowels to dry hands available on site.
- Used handtowels to be put in bins and regularly disposed of by somebody wearing disposable gloves
- Check in with your team regularly and if people aren't feeling well (e.g. fever, coughing, sneezing) tell them to take time off.
- For those on wages that may struggle for money during isolation, think about how you can support your staff and each other for food and necessities.
- Masks are for people with the flu to prevent spread rather than as a protection against it.
- Workforce restrictions: with air travel being impacted and stand-downs being enforced for some origins there will be disruption for workers entering New Zealand or wanting to return home.
- Some migrant workers who are asked to self-quarantine may not have enough financial support to do so and return to work regardless. It is important that businesses identify these situations and ensure that individuals have support to enable self isolation.
- The government has cancelled gatherings of more than 500 people. There are exceptions for schools and universities. Construction sites should respond in a similar manner by planning around smaller work groups – a site Covid 19 plan, designed to minimise unnecessary close contact of larger groups should be developed by the prime contractor/site controller and communicated to all workers.
- Workers who may be more at risk include those who have diabetes, respiratory conditions or compromised immune systems.
- Consider those that can practically work from home and limit their time on office/site.

Potential questions and responses for tradespeople entering residential buildings



It is important that construction businesses act quickly and decisively if a worker or member of the public is suspected to have been or has been tested positive for Covid 19. This will help minimise the impact on their own business and the wider supply chain.

If you or a worker thinks they have been exposed to Covid 19 or have symptoms – please call 0800 358 5453 which is the ministry of health line dedicated to this. If you have been overseas within the last 14 days and develop a fever, cough or shortness of breath, phone Healthline’s dedicated COVID-19 number [0800 358 5453](tel:08003585453) or contact your GP, including phoning ahead of your visit.

Considerations for a construction business managing a known case of Covid 19

- If you are made aware of a person who has been recently on site/office (worker, owner, visitor, contractor, supplier, member of the public) who subsequently has been asked to self-isolate from a precautionary perspective – e.g. been to a high risk site or recently entered New Zealand then this person should not return to site for 14 days. Stay in contact to understand whether they have been tested for Covid 19, whether they should be tested and what the results of the test are.
- If you are made aware of a person who has been recently on site/office (worker, owner, visitor, contractor, supplier, member of the public) who subsequently has tested positive for Covid 19 then appropriate action should immediately be undertaken. This must include:
 - Notification to the ministry of health using the Covid 19 hotline **0800 358 5453**
 - Enhanced cleaning and hygiene of the site/office surfaces where the person was known to be near (including computer equipment)
 - Communication with site/office based workers and visitors to understand who else may have been in close contact with the person. Appropriate actions should be discussed with ministry of health.
- Other potential actions may include:
 - Temporary shut down of site to clean and ascertain other potential impacted persons
 - Review of ongoing operations to ascertain what activities may continue while maintaining a healthy workplace

As a guide, recently in Dunedin a school implemented an immediate 48-hour closure upon discovery of Covid 19 positive pupil(s). Each case will depend on its own circumstances, however the overall principle is to act quickly, decisively and conservatively until the potential impacts are better known.

Employment and Pay Considerations

Advice from Employment NZ <https://www.employment.govt.nz/about/news-and-updates/workplace-response-coronavirus-covid-19/>

1. If a worker is sick with Covid 19 or is required to self-isolate under Ministry of Health Guidelines (has tested positive, come into contact with somebody who has tested positive, has travelled to NZ from overseas – except for Pacific Islands) – then employers should not knowingly allow or **require** the worker to come to work.
2. If a worker can work from home during self-isolation, then the worker should be paid normally. This should be conversation between the employer and employee to see if this is practical.
3. If the employer **requires** the worker to not to come to site – paid sick leave and anticipated sick leave may be used (can also be used if they have to care for a sick dependent). If sick leave is not available then paid special leave should be considered
4. Government assistance is available for people unable to work because of self-isolation. Up to \$585.80 is available per week for a maximum of 8 weeks – this assumes that paid sick leave is used up first.
5. Applying for government assistance is straight forward via this link <https://www.workandincome.govt.nz/products/a-z-benefits/covid-19-support.html>

New Zealand construction businesses should be thinking about two potential scenarios (credit McKinsey), these have been significantly updated since the March 10 toolbox.

1. **Delayed recovery** – new case counts in America and Europe rise until mid-April, Asian speaking countries peak earlier. Epidemics in Africa and Australasia are limited. Growth in case counts is slowed by effective social distancing through a combination of national and local quarantines, employers choosing to restrict travel and implement work-from-home policies, and individual choices. Testing capacity catches up to need, allowing an accurate picture of the epidemic. The virus proves to be seasonal, further limiting its spread. By mid-May, public sentiment is significantly more optimistic about the epidemic. The Southern Hemisphere winter sees an uptick in cases, but by that point, countries have a better-developed playbook for response. While the autumn of 2020 sees a resurgence of infections, better preparedness enables continued economic activity.

Economic impact Large-scale quarantines, travel restrictions, and social-distancing measures drive a sharp fall in consumer and business spending until the end of Q2, producing a recession. Although the outbreak comes under control in most parts of the world by late in Q2, the self-reinforcing dynamics of a recession kick in and prolong the slump until the end of Q3. Consumers stay home, businesses lose revenue and lay off workers, and unemployment levels rise sharply. Business investment contracts, and corporate bankruptcies soar, putting significant pressure on the banking and financial system.

Monetary policy is further eased in Q1 but has limited impact, given the prevailing low interest rates. NZ Government interventions soften the economic impact partially. It takes until Q4 for NZ, European and US economies to see a genuine recovery.

2. **Prolonged contraction** – in this scenario, the epidemic does not peak in the Americas and Europe until May, as delayed testing and weak adoption of social distancing stymie the public-health response. The virus does not prove to be seasonal, leading to a long tail of cases through the rest of the year. Africa, Australasia, and some Asian countries also experience widespread epidemics, though countries with younger populations experience fewer deaths in percentage terms. Even countries that have been successful in controlling the epidemic (such as China) are forced to keep some public-health measures in place to prevent resurgence.

Economic impact Demand suffers as consumers cut spending throughout the year. In the most affected sectors, the number of corporate layoffs and bankruptcies rises throughout 2020, feeding a self-reinforcing downward spiral.

The financial system suffers significant distress, but a full-scale banking crisis is averted because of banks' strong capitalization and the macroprudential supervision now in place. Fiscal and monetary-policy responses prove insufficient to break the downward spiral.

The global economic impact is severe, approaching the global financial crisis of 2008–09. GDP contracts significantly in most major economies in 2020, and recovery begins only in Q2 2021.

Risks and issues to construction to consider:

- Supply chain challenges. For Chinese sourced materials impacted by factory shutdowns in China. Hubei is still in the early phases of recovery but normal restrictions may prevent normal exports till Q2.
- Local (NZ) supply chain restrictions caused by equipment, material and logistics businesses being impacted by their own workforces being locked down throughout April and May.
- Cash flow and liquidity – in a recession although interest rates may remain low, support for working capital by banks and lending institutions may become more restricted as confidence decreases. Early discussions and planning with banks and financial institutions is advised for businesses that traditionally require working capital support over the New Zealand winter. Reforecasting budgets and cashflow throughout Q2 and Q3 based on conservative estimates of private sector income and delayed projects because of shortfalls in material supplies should be undertaken. Some potential price rises should be anticipated for critical imported goods and competition and scarcity require more cash up front to secure supply
- Review your projects and plan ahead for goods and material deliveries, slow or no deliveries for China sourced materials could have an impact on projects. Think about potential alternative suppliers of critical materials. Talk to your local suppliers around critical equipment and materials/deliveries.
- Review the Government Stimulus Package and apply it your business as required.

Please note that CHASNZ or NZ CIC does not provide financial advice or opinions to the construction sector. The views above are not forecasts but potential scenarios collected from market sources with additional commentary from CHASNZ and are only provided to assist construction businesses with their thinking over the coming period.

CHASNZ or NZ CIC does not offer any warranty or assume any liability for these views and no reliance should be based on this document.

Individuals should always consult with their own financial advisors and base their decisions on careful consideration of their own circumstances.

Details of the Government Stimulus Package

<https://www.business.govt.nz/news/coronavirus-information-for-businesses/>

Reinstatement of depreciation deductions for commercial and industrial buildings

A building owner will now be able to claim a depreciation deduction at the rate of 2 per cent per annum. The building owner will be able to use that reduced tax liability to invest back into the building or their activities – including new construction activity. The Government is encourage building owners to use the reduction in the tax they will need to pay to reinvest in the building and construction sector through new activity.

Wage subsidies

The wage subsidies will be available for businesses that can show a 30 per cent decline in revenue for any month between January and June 2020 compared to the year before (including projected revenue). If eligible, employers would be paid \$585.80 per week for full time staff, and \$350 for part time. Payments are capped at \$150,000 per business. They will be paid in a lump sum. The support will be available for twelve weeks with applications open 17 March. Businesses must have taken active steps to mitigate the impact of COVID-19 (eg. engaged with their bank) and signed a declaration form to that effect.

COVID-19 leave and self-isolation support

The COVID-19 leave payment scheme will provide support (through employers/to sole traders and the self employed) for those people unable to work because they are in self-isolation, are sick with COVID-19 or caring for dependents who are in either of these situations. The payments will be equal to the rate of the wage subsidy scheme but available for a maximum of eight weeks. Employers will be expected to meet all of their sick leave and other employment expectations.

Redeployment package

\$100 million has been allocated to support worker redeployment. The Tairāwhiti region will be the first to receive assistance, with the package to be agreed by COVID-19 Cabinet Committee on Wednesday.

Fewer small businesses having to pay provisional tax

From April 1 2020 the threshold for provisional tax will lift from \$2,500 to \$5,000. This measure will reduce cashflow pressure and compliance costs for small taxpayers by allowing roughly 95,000 businesses to defer their tax payments.

Immediate deductions for low value assets

Immediate expensing allows businesses to fully deduct the cost of low-cost assets when they are purchased, with the threshold for the write-off currently at \$500. We are putting in place a temporary increase in the threshold to \$5,000 for one year, reverting to \$1,000 in the longer term (still higher than the current \$500 threshold), which will reduce compliance costs for businesses. It will also have the side-benefit of stimulating business purchases.

COVID 19 FACTS

This is a new virus and what we know about it will change over time.

New Zealand has currently low rates of the virus however this situation could change rapidly.

It is more infectious than normal flu but with similar symptoms. The virus affects older people with underlying conditions. For most working age people the mortality rate is less than 1%.

It can cause fever (high temperature), sore throat, cough, breathing problems, and muscle aches.

Symptoms can start day after exposure but could be up to 14 days later.

Most have a mild illness but like other flus it can be fatal.

It is most likely spread by coming into contact with droplets created by people sneezing, coughing or even talking. The droplets infect you when they enter your mouth, nose or eyes. If you touch contaminated objects (e.g. handles that were recently touched by an infected person) then touch your face you can become infected.

If symptoms are mild they can be treated with normal medicines to lower fever and reduce discomfort. If symptoms are more severe (e.g. trouble breathing) then hospital may be required.

Tests are needed to confirm Covid 19.

Fight Colds and Flu



Get a flu shot – its not too late to protect yourself from seasonal flu



Wash your hands with soap and water for 20 seconds – dry them properly

Cover your cough – in your elbow not your hands.



Stay home if you are sick.

