



Member update 13 May 2020

On Monday the Prime Minister announced New Zealand will step down to COVID 19 Alert Level 2 on Thursday 14 May.

At Alert Level 2, health and safety remains the top priority for all businesses and workers.

The CHASNZ COVID 19 Health and Safety Protocols have been updated with assistance from industry. Key changes at level 2 are focused on:

- Physical distancing: The protocols specify that appropriate physical distancing is maintained when possible. In instances where work requires less than 1m physical distance for safety or ergonomic reasons, a risk assessment must be undertaken to detail the extra controls to be used such as PPE, sanitation, and to record the instance of work and people involved.
- Interregional travel: In accordance with Alert Level 2 rules, the protocols allow for more flexibility on interregional travel. [See more information on Alert Level 2 rules for travel.](#)
- People on site: The protocols specify that visitors to sites such as clients, engineers, architects or auditors are allowed, but must comply with site requirements. They must follow site entry, induction, track and trace, hygiene and physical distancing requirements.
- Mental health: To support the mental wellbeing of workers during these times, Mates in Construction mental health guidance for the sector has been incorporated directly into the protocols.

The protocols are a 'living document' and will be updated as best practice develops. The current version will always be available on the [CHASNZ website](#).

Updates from the Construction Sector Accord

The STCF is represented on the Construction Sector Accord (CSA) by Michael Sentch and Graham Burke. The CSA has responded to the COVID 19 crisis through the [Construction Sector COVID-19 Response Plan](#), which includes the development of the COVID 19 health and safety protocols. Other completed work from the response plan includes:

Variation claims.

The Construction Sector Accord has worked with government to develop guidelines on a consistent government position for contractors facing additional costs created by the COVID-19 Alert Level 4 lockdown. These guidelines state that in most cases contractors would be entitled to claim costs as a variation to the contract. Additional guidance on the process of establishing the fair value of these variations has now been released. [Read the Guidance for dealing with variation claims](#)

The new guidance includes principles to follow when negotiating the cost of the variation and outlines the factors that need to be considered. It lists the types of costs claimable by contractors and notes that costs

need to be demonstrable and that the contractor must have mitigated the costs as far as practicable. There is also guidance on a fair approach to 'idle labour' costs.

These guidelines have been developed for use by government agencies and while not legally binding, are valid for negotiations on private contracts. Wherever possible variations should be negotiated in good faith rather than through litigation.

The Ministry of Education, as an Accord partner, has already released its guidelines for valuing COVID-19 project variation claims on school property projects. These have been based on the Accord guidelines, and you can read them on the [Ministry of Education website](#).

The CSA is continuing work to develop further procurement guidance including advice on the fair risk allocation for COVID-19-related disruptions in new contracts.

Rapid mobilisation of government projects

The COVID-19 Response Plan includes getting construction projects up and running quickly to support New Zealand's economic recovery. An Accord working group has identified and analysed several existing rapid mobilization models, such as those used after the Christchurch and Kaikoura earthquakes, as well as approaches being taken by NZTA, Ministry of Education, and a group of Waikato councils.

The Accord has used these to produce guidance for local and central government agencies providing a range of delivery models in both horizontal and vertical construction, and suggestions for how to match models with project complexity and agency capability. It includes analysis on what works well and what does not in specific situations, and ways to streamline procurement, consenting, governance, and funding approvals.

The guidance will be used to support delivery of the pipeline of government construction projects across the country, as well as the 'shovel ready' programme that the Accord is working on with Crown Infrastructure Partners and the Infrastructure Commission.

[Read the Accord's advice document - Rapid mobilisation models to support post Covid-19 recovery](#)

Further updates

The COVID 19 crisis has caused unprecedented disruption to our industry and the economy. While NZ is transitioning down from full lockdown and will soon be entering COVID Alert Level 2, we are a long way from business as usual. Forecasts vary regarding the extent of the economic fallout of the COVID 19 crisis, but all agree we are heading into a recession.

Specialist trades will come under pressure as the economy detracts and it will be vital for businesses to have a sound business plan, good understanding of their costs and margins and control of their debtors ledger.

Previous recessions have seen a race to the bottom in the construction sector and associated business failures. It is essential that businesses do not buy jobs at zero or negative margins and maintain tight credit control on new and existing clients.

STCF is continuing to advocate for change in legislation to protect retentions. We are also monitoring new legislation to provide debt hibernation and director safe havens and have informed government of our concerns about unintended consequences of this legislation on the sector. We are advocating for subcontractors, and small and medium businesses on the CSA and with Government.

If you have any questions regarding our work, please contact the STCF President, Graham Burke at graham@grahamburke.co.nz or 021 249 3459.