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This issue of Big Build straddles the emergence of the COVID-19 emergency so has something of a split personality. Those items which pre-date COVID-19 seem to be from another era, yet they happened at most three months ago. We decided to leave them in on the assumption that they have been pushed down – rather than pushed off – the agenda.

## CONSTRUCTION

### Government and regulatory

#### Ministry of Works to be rebuilt?

The Government has announced two interventions to support the recovery post-COVID-19 of the construction sector:

- the establishment of the Infrastructure Industry Reference Group to identify and create a pipeline of “shovel ready” projects above \$10m that could be taken up within six months, and
- a move by Transport Minister Phil Twyford to make advance payments to companies on contract to NZ Transport Agency (NZTA) but unable to work during the lockdown.

Then Twyford and Infrastructure Minister Shane Jones took it further, suggesting that Crown Infrastructure Partners may be turned into a new Ministry of Works style government department. Newsroom reported Jones as saying: “I don’t think it’s credible for us to run infrastructure...where essentially NZTA has no workforce that actually does the work. It’s all outsourced. That model is defunct. It’s gone.”

“Phil Twyford and I are working through some scenarios that would change the character and the purpose and the size of Crown Infrastructure”.

- [Ministerial statement](#)
- [Advance payments](#)
- [Crown Infrastructure Partners advisory](#)
- [Newsroom article](#)

#### One in three construction jobs at risk

Infrastructure NZ Chief Executive Paul Blair says one in three construction jobs are at risk in the next six months due to Coronavirus and is asking the Government to move essential projects to an Alert 3 level, which would allow work to restart with safety protections in place.

- [Statement](#)

#### Call for Government to underwrite construction projects

Naylor Love CEO Richard Herd has called on the Government to underwrite construction projects for commercial buildings, high rise apartments, hotels, malls and office blocks. He said this would help to preserve key skills and protect the industry’s future viability.

- [Article](#)

#### Construction Sector Accord moves with the times

The Construction Sector Accord has temporarily shifted its focus from industry transformation to industry resilience and recovery and is currently developing a COVID-19 response plan, advising Ministers and agencies of the sorts of actions which will be needed to support the sector and maintain confidence and viability.

Decisions will be announced as they are agreed by the Government.

- [Update](#)

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## Applications open for the Business Finance Guarantee Scheme

The scheme is available to businesses with an annual revenue of between \$250,000 and \$80m a year. The loans will be made through the banks but will be guaranteed 80% by the Government. The nine participating banks are: ANZ, ASB, BNZ, Heartland, HSBC, Kiwibank, SBS, TSB and Westpac.

A loan can be up to \$500,000 for a term of up to three years. The Government has earmarked \$6.25b for this initiative.

[Statement](#)

## Fast tracking consents to protect jobs

Officials are working on advice around how the Resource Management Act (RMA) consenting processes can be expedited to assist the economy to bounce back after the COVID-19 crisis and to create jobs.

Infrastructure projects are key to the Government's economic recovery strategy.

Environment Minister David Parker expects to be able to announce details before the country comes out of lockdown.

[Statement](#)

## More protection for vulnerable contractors on horizon

The Government is consulting on changes to better protect vulnerable contractors. The four areas identified for reform are:

- to deter employers from misclassifying workers as contractors when they are really employees
- making it easier for workers to obtain a determination of their employment status
- changing the definition of an employee, and
- enhancing the protections available to contractors, but without making all contractors into employees.

Submissions closed on 14 February 2020.

[Statement](#)

[Discussion document](#)

## Councils nervous about Kainga Ora

Councils are nervous about the impact Kainga Ora will have on their own operations. Two issues in particular are:

- that it has reportedly been recruiting among local authority staff, and offering them salaries higher than local government can offer, and
- the powers it will have to override local plans.

[Item](#)

## Eligibility for earthquake-strengthening loans

The Residential Earthquake-Prone Building Financial Assistance Scheme will provide loans of up to \$250,000 to the owner-occupiers of units and apartments bought before 1 July 2017 – provided they cannot get private sector finance, or to do so would either require them to sell the unit when the building is earthquake strengthened, or cause significant financial hardship.

Recipients must also be New Zealand citizens or permanent residents.

[Statement](#)

## New model contract templates

The Ministry of Business, Innovation and Employment (MBIE) has released updated model contract templates to reflect the Government Procurement Rules that came into force in October last year. The new versions may be used now and must be used from 1 June 2020.

[Templates](#)

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## Cashflow is king

The Government is considering legislation to improve business-to-business payment practices, including companies, partnerships and trusts. Payments from individual consumers will not be affected.

Options include:

- a maximum payment term of 20 days, and
- a right for small businesses to charge interest on overdue invoices and debt recovery fees for late payments.

The discussion document notes that some larger businesses use their smaller suppliers as a source of free credit – paying them after 90 or even 120 days but requiring payment from their own customers within seven days. It quotes an Australian study showing the cost to the economy of this practice was \$2.54b over ten years.

Issues for consultation are:

- when the 20 day timeframe should come into effect
- the types of contractual relationships the regime should cover
- whether it should apply to businesses of all sizes
- whether it should apply equally to all industries and classes of goods, and
- whether there should be an ability to contract out of the 20 day requirement.

Announcing the review, Small Business Minister Stuart Nash said cashflow was king yet research by Xero indicated that on any given day, more than half of small businesses were owed at least \$7,000.

[Discussion paper](#)

[Statement](#)

## Industry

### Lloyd's departure leaves hole in building warranty market

Lloyd's of London's decision to no longer underwrite building warranties has created downstream issues in New Zealand as Certified Builders, Stamford Insurance and BuiltIn had all used a Lloyd's subsidiary and have had to find alternative suppliers.

[Article](#)

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## INFRASTRUCTURE

### \$12b infrastructure package

Transport, particularly roading, was the big winner in the Government's \$12b infrastructure package. It has resurrected and reshaped four of the projects identified by the previous National Government. By far the lion's share (\$6.8b) will go to New Zealand's six main population growth areas – Auckland (\$2.2b), Waikato, Bay of Plenty, Wellington, Canterbury and Queenstown.

Other components are:

- \$1.1b for rail
- \$400m for school upgrades and repairs
- \$300m for health, and
- \$200m to begin 'decarbonising' the public sector (primarily by switching from coal to biomass boilers in eight schools and one hospital).

[Transport](#)

[Rail](#)

[Schools](#)

[Health](#)

[Decarbonisation](#)

### Government puts the horse before the cart at Drury

New Zealand is to get a new town – Drury – just off the motorway, around 34 km south of Auckland CBD. A range of private sector developers are involved, with the Government working alongside.

In what Phil Twyford describes as a break from the "ad hoc way" New Zealand has previously planned its towns and cities, the Government is "putting the horse before the cart" in terms of supporting infrastructure for Drury, including transport and amenities.

[Article](#)

### Hamilton-Auckland in an hour

The Government is investigating options for a rapid rail service between Hamilton and Auckland, allowing commuters to make the journey in an hour.

[Article](#)

### Treasury identifies risks with Infrastructure Levy Model

Treasury identified risks with the Infrastructure Levy Model, now being legislated for through the Infrastructure Funding and Financing Bill. The advice was presented to Ministers in April last year and proactively released by Treasury in December 2019.

The Model creates an alternative funding source for local authority infrastructure projects which avoids the borrowing constraints on councils through the creation of a Special Purpose Vehicle to collect levies from the prospective beneficiaries of the proposed project.

Treasury's assessment was that, while the Model provided an important tool "on balance and taking into account what the alternatives are", it was not without risks.

In particular, Treasury wanted to reduce over time the Crown's exposure through the Government Support Package (GSP) under which the Crown covers the residual risks which would normally sit with the relevant local authority.

It also recommended that the Model be "tested" on greenfields sites before being applied to brownfields developments, which tend to be more complex.

[Treasury report](#)

### Draft GPS on Land Transport

The Ministry of Transport has released the draft Government Policy Statement (GPS) on Land Transport for 2021. Submissions close on 27 April 2020.

[Draft GPS](#)

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