



The Right Honourable Jacinda Ardern
Prime Minister of New Zealand
Freepost Parliament
Private Bag 18 888
Parliament Buildings
Wellington 6160

Via email: j.ardern@ministers.govt.nz

Re: COVID-19 – A construction and infrastructure response

Dear Prime Minister,

We applaud the all-of-government approach to the COVID-19 crisis in protecting the health and safety of New Zealanders while ensuring the viability of our economy.

ACE New Zealand and its member firms across the country wish to support the government in its efforts to mitigate the current crisis and to facilitate the recovery ahead.

ACE New Zealand represents over 200 consulting and engineering firms, ranging from large global firms to employee-owned SMEs. Our members are on the front lines of delivering critical technology, construction and infrastructure and represent the essential expertise that New Zealand will need as we navigate the current crisis and transition to recovery.

In this spirit, ACE New Zealand offers the following assistance and recommendations to help New Zealand and New Zealanders in these extraordinary times.

What is needed:

With many private sector clients cancelling large construction and infrastructure projects, the government's role in ensuring a viable and sustainable sector is more critical than ever.

- Cashflow and continuity of work are vital if we are to maintain a high-quality and engaged workforce to support our nation's economic recovery. Without this, many firms may downsize or become insolvent. In particular, this means the government must:
 - Maintain all existing projects and programmes, and where possible accelerate the delivery of these
 - Ensure contractual payments are on time and accelerated where possible
 - Lead by example and send a clear message to local government in this regard. Furthermore, there should be mandated consistency amongst local government to ensure that they maintain their projects and programmes. This may require discussions and support around borrowing and debt limits.

- The government should develop policies to allow for a significant amount of credit to be made available to firms that deliver critical construction and infrastructure. Notwithstanding our other recommendations, some decrease in workload is inevitable should this crisis continue for an extended period. Consequently, many firms will lose the much-needed capacity to deliver projects during the recovery – either through downsizing or insolvency. If the government backstop and underwrite loans, banks and lending institutions will be in a position to allow firms to retain their expertise and remain operational. Such policies, concurrent with a commitment to stimulus through infrastructure, will significantly mitigate the risk for such loans and credit offerings.
- The government often has a focus on "shovel ready" projects when looking for rapid stimulus. Many of our members currently have significant capacity and capability to:
 - Assist the government in the identification and prioritisation of projects which could proceed rapidly
 - Accelerate design works immediately, so that when restrictions are reduced, the identified projects are well placed to progress. Since most firms have a significant ability to work remotely, it is feasible for most design work to continue in the coming weeks and months
- The speed and the cost to procure under typical models are untenable during times of crisis. If we are to recover quickly, then we must identify and develop rapid deployment models such as alliances.
 - While we understand the need for both probity and taxpayer value, typical competitive procurement models will layer unnecessary costs onto construction and infrastructure businesses when they are already struggling to maintain financial viability.
 - Following both the Christchurch and Kaikoura earthquakes, the nation responded quickly and efficiently. For example, the North Canterbury Transport Infrastructure Recovery (NCTIR) alliance was set-up to restore the road and rail networks.
- Furthermore, following the Christchurch and Kaikoura earthquakes changes to laws and processes were expedited to overcome any obstacles to projects progressing. Such streamlining is necessary now more than ever.
 - This may include changes to resource consenting and consultation processes, as well as practical measures such as the removal of winter restrictions on earthworks.
- Fair and balanced contract conditions and risk allocation are also critical. If projects are to proceed at pace, time should not be wasted on debating onerous contract terms. We would urge the government where appropriate to:
 - Mandate the use of industry-standard contractual agreements, for example, the Crown version of Conditions of Contract for Consultancy Services (CCCS) with strict limitations on special conditions
- While a direct response from key government clients (New Zealand Transport Agency, Kainga Ora, Ministry of Education, etc.) is vital, we also consider that the government has a broader role to play by assisting significant local government entities.
 - For example, Auckland Council and its Council Controlled Organisations (such as Auckland Transport) will be central to the economic recovery in our largest region. We urge the government to engage with and support these organisations with an agreed infrastructure stimulus package.

- Such an approach may also be appropriate in other high growth areas where there are significant infrastructure challenges. This could include cities such as Hamilton, Tauranga, Wellington, Christchurch, Dunedin and Queenstown.

Past economic challenges have demonstrated the effectiveness of construction and infrastructure as a form of stimulus. Infrastructure's added benefit is its significant and lasting return on investment. Once delivered, these assets continue to enhance our social, economic and environmental wellbeing rather than being a one-time expenditure.

Further, infrastructure improves our nation's resilience to future economic downturns and facilitates more rapid recovery. Investing in infrastructure is a means of growing and strengthening our economy - in addition to all the other societal benefits.

Finally, ACE New Zealand would like to offer our industry leaders and their resources to the government to assist with your response to the crisis and the ensuing recovery. We are passionate about New Zealand, we are here to help, and I would be pleased to facilitate these discussions.

Thank you for your ongoing leadership.

Nāku noa, nā

A handwritten signature in black ink, appearing to be 'P. Evans', with a large, stylized 'P' and a smaller 'E'.

Paul Evans
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Cc: Hon. Grant Robertson
Hon. Phil Twyford
Hon. Megan Woods
Hon. Jenny Salesa
Hon. Shane Jones

About ACE New Zealand: ACE New Zealand is a firm-based membership association that represents consulting and engineering organisations throughout Aotearoa. Founded in 1959, we have more than 200 member firms who employ some 13,000 staff who play a critical role in the design and delivery of our nation's construction and infrastructure sectors.