

Working with your construction suppliers during COVID-19

The purpose of this document is to help government agencies clearly communicate with construction suppliers while New Zealand navigates the COVID-19 situation, in a way that demonstrates good practice under the principles of the Construction Sector Accord.

The current COVID-19 alert level restrictions have seen most building and construction work come to a halt. Naturally, the construction and infrastructure industry is concerned about the impact this situation is having on its workers and on projects underway or in a tender process.

It is important to maintain constructive and open engagement with your suppliers during this time, and work with them to ensure they, and you, are best positioned to return to BAU when alert levels change.

Essential services

Capital works are not generally considered an essential service and work sites must be shut down during Alert Level 4. Only building and construction related to essential services, critical infrastructure, or construction immediately needed to maintain health and safety at home or work, is permitted.

It is crucial to preserve the integrity of assets and ensure work sites are safe. This includes ensuring the prevention of serious environmental harm and monitoring of environmental risks and traffic management plans to protect public safety.

While a work site may be closed, your supplier should ensure the following essential services are in place to maintain any existing construction sites and to ensure they are safe:

- site security
- monitoring of building systems of occupied buildings, for example maintaining fire and heating systems
- traffic management, and
- environmental controls.

Essential services could also include the assessment and monitoring of critical assets and maintenance of infrastructure necessary to deliver other essential services.

To assess whether the service you are planning to provide, or need to have carried out is essential, you should apply the essential service definition for the relevant sector provided on the MBIE website.

Ensure you and your supplier(s) share a clear understanding of what an essential service is.

Safely re-starting construction activity

As we transition back to work as alert levels are lifted, health and safety must be the top priority for all businesses and workers. Consistent health and safety standards and protocols are essential to both protect workers and stop the spread of COVID-19, and to give people confidence that it is safe to return to work.

Construction Health and Safety New Zealand (CHASNZ), the sector's peak health and safety body and a member of the Construction Sector Accord, developed a framework to aid contractors to safely return to work by maintaining appropriate health and safety practices on construction sites and establishing new industry standards.

Make sure suppliers are aware of this guidance, and seek assurances that these protocols are being implemented, particularly on sites or for trades where close contact between workers is required.

You can find the new [COVID-19 health and safety standards and protocols](#) on the CHASNZ website.

As your suppliers prepare to restart construction activity, ensure that they understand how to implement the new construction industry Covid-19 health and safety protocols.

Procurement

Where possible, procurement processes should continue. You should consider extending tender periods and re-phase your procurement pipeline where necessary, recognising suppliers will be facing additional pressures.

Keep in mind how current working arrangements have changed and consider making use of informal communications with suppliers (for example, leveraging existing relationships by making phone calls), supplier panels, advance notices and, where necessary, requests for information, or the like.

Let suppliers know how you intend to deal with projects that were close to reaching contract signature. For example, suppliers may be able to continue to work on the project, with a view to progressing to contract signature as soon as practicable after the shutdown period.

Before undertaking procurement activity, contact likely respondents to ensure they are able to respond to tenders, requests for information etc.

Contract management

Clearly, the current situation is likely to impact the timing and costs for your project delivery. However, you should consider what work could continue during the lockdown period. For example, while physical works need to cease, other elements of the project can be undertaken remotely, such as planning, design and administration.

You should also consider discussing the following with your suppliers.

1. Business Continuity Plans (BCP)

All suppliers should have implemented their Business Continuity Plans (BCP) for each contract that has not reached practical completion. These should cover how suppliers foresee their contracts operating under each level of the COVID-19 alert system. Suppliers should be prepared to make their BCPs available to you upon request.

2. Contract claims

Any contractual claims for expenses incurred during the COVID-19 lock down should be considered on their merits in accordance with the relevant contractual terms. [Guidance](#) has been provided under the Government Procurement Rules on how these claims should be treated.

3. Contractual obligations

You should consider what obligations the supplier should still be meeting under their contract, and communicate these clearly. These could include:

- Making reasonable efforts to avoid or mitigate delays and minimise costs.
- Providing formal advance notification of delays, timing and cost impacts for delivery on projects in accordance with contract terms.
- Keeping the Engineer/Principal informed of any amendments to the BCP.
- Continuing with contractual commitments to the extent possible under the COVID-19 Alert level, unless otherwise directed, including implementing business continuity measures to reduce the potential impact of COVID-19.

Have you requested your suppliers' Business Continuity Plans?

Are your suppliers aware of the obligations they should still be meeting under their contract?