

MEDIA RELEASE

Civil Contractors NZ



25 May 2017

CCNZ welcomes Budget infrastructure spend but improvements needed in how work is contracted

Civil Contractors New Zealand welcomes today's Budget with its focus on investing in capital infrastructure and future resilience.

However, the industry organisation says the spend will be more effectively used if local and central government greatly improve how they contract infrastructure work.

CCNZ represents more than 600 large, medium-sized and small businesses in civil engineering, construction and general contracting and most of its members are involved in developing and maintaining infrastructure.

One of the centrepieces of Finance Minister Steven Joyce's Budget was the \$11 billion investment in new infrastructure over the next four years including the Auckland city rail link, state highways, water storage and Kiwirail, with \$4 billion is earmarked for the next financial year. Mr Joyce said the Government intended to leverage its infrastructure investment through the further use of public-private partnerships and joint ventures between central and local government and private investors.

Chief Executive of Civil Contractors NZ Peter Silcock said he was heartened by the fact the government had recognised the need to fund more infrastructure to help build the country's resilience.

"There are many lessons to be learned from last year's earthquakes and this year's severe storms but the main one is the need for the public and private sectors to work together to strengthen our infrastructure network."

However, what was now needed was a "massive improvement" in the way that central and local government procured infrastructure work, Mr Silcock said.

"Current practices mean we are often not able to use the industry resources in the most productive and efficient way. Central and local government both need to engage more with contractors and to better schedule work within and across agencies to smooth the overall work load."

"We see situations where local councils or government agencies tender for three very similar jobs in one region at once, which stretches capacity or results in few tenders, but then six months later there is no work in that region. Companies may have the capability to do the work but not the capability to bid for three jobs at the same time."

“We are also still seeing a big rush of work at the end of the financial year, which is not the ideal time to do some work if you want quality results. “As a country, we need to get smarter about how the infrastructure work is procured.”

Mr Silcock has some advice for how local and central government could better procure work:

- Use appropriate contracting models e.g. if you put out a design and build job all companies bidding for the work do a design but only one of the designs is finally used. Sometimes design and build is appropriate but it can be over used.
- Use standard contracts with a minimum number of special conditions to avoid each contractor needing to get legal advice on each special condition.
- Have standardised health and safety and contractor management systems. Currently many contractors need to maintain a different system for each different Government agency or council they do work for.

We also need more support from government to produce more people with skills for careers in trades and technical roles.

“We need up to 30,000 skilled workers by 2020 to enable the industry to fulfil these new infrastructure requirements.

“There’s an opportunity to realign our education system to recognise that not everyone wants to or should go to university. Our industry offers fantastic career paths with really exciting jobs on big projects but these need to be promoted more by government.”

The infrastructure growth phase is forecast to continue well beyond 2020 so it was very important to attract and train new workers now, Mr Silcock said.

ends

For further comment contact Peter Silcock on:

DDI: 04 496 3273

M: 027 448 7036

peter@civilcontractors.co.nz

About CCNZ

Civil Contractors New Zealand (CCNZ) represents the interests of the civil construction sector. Our 600 members include large, medium-sized and small businesses in civil construction and general contracting.

The civil construction and maintenance industry carries out \$12 billion of work annually and employs 60,000 workers.

Our members design, develop and maintain New Zealand’s infrastructure, connecting people and services, and ensuring New Zealand keeps growing. They are responsible for the construction and maintenance of our national and local roads, public transport, telecommunications services, parks and sports grounds, cycleways, power supplies, sewerage, water systems and flood protection. Our members are also early responders during extreme weather and natural disasters to clear roads and reconnect power supplies and telecommunications.