

‘Shovel Ready’ Infrastructure Projects: Project Information Guidelines

Introduction

The Government is seeking to identify ‘shovel ready’ infrastructure projects from the public sector and (where projects can be repurposed for public benefit) the private sector that have, in each case, been impacted by COVID-19.

Ministers have advised that they wish to understand the availability, benefits, geographical spread and scale of ‘shovel ready’ projects in New Zealand. These projects will be considered in the context of any potential Government response to support the construction industry, and to provide certainty on a pipeline of projects to be commenced or re-commenced, once the COVID 19 Response Level is suitable for construction to proceed.

The Infrastructure Industry Reference Group (Reference Group), chaired by Mark Binns, is leading this work at the request of Ministers, and is supported by Crown Infrastructure Partners Limited (CIP).

CIP is now seeking project information from relevant industry participants on projects/programmes¹ that may be suitable for potential Government support.

These Guidelines outline the approach CIP will adopt in categorising the project information it receives.

Mark Binns released a letter to the sector on 25 March 2020 in connection with this information gathering process and the types of projects to which it would relate. The four criteria identified in the letter were:

- Criteria 1: The extent to which the project is construction ready now or within a realistic 6 - 12 months - **construction readiness**;
- Criteria 2: the project is of an infrastructure nature, either horizontal or vertical, and that the project is **public or regional benefit infrastructure**;
- Criteria 3: Whether the project is of a **size and has material employment benefits** (i.e., \$10m+); and
- Criteria 4: The **overall benefits and risks** of the project.

As an initial task the Reference Group has been asked to prepare a report to Ministers on infrastructure projects/programmes that are ready for construction and that could, if the Government deemed it appropriate, be deployed as part of a stimulatory package.

¹ We refer to “projects” throughout. This term includes programmes of work in all cases.

To support this process, CIP will provide a report to the Reference Group summarising the projects and their key attributes, categorised in terms of the criteria referred to above based on the information provided by, and on any subsequent discussions with, participants.

It should be noted that the full impact of COVID 19 on the economy will not be known for some time, and the Government's decision to accelerate any construction-related spend will be determined by its assessment of priorities at the time. This information is being sought in good faith, but no undertaking can be made that the criteria or other considerations will not change or that any projects coming forward from the Reference Group will be accelerated, or any of the Reference Group's recommendations adopted. This situation we all find ourselves in is truly dynamic.

Process

The process that CIP will follow is outlined below.

Step 1: Receipt of project information

CIP has prepared a Project Information Form (PIF) to enable relevant industry participants to nominate project(s) for consideration. All responses are to be provided using the attached PIF and sent to: projectinformation@crowinfrastructure.govt.nz by 5.00pm on Tuesday 14 April 2020.

If you are providing PIFs for more than one project, please also provide, in your covering email, your own views on the relative priorities of these projects.

Step 2: Review and Categorisation of Projects

Step 2A: Criteria 1, Construction Readiness Assessment

CIP will consider the **construction readiness** of the project based on the PIF. We propose to adopt the following categorisation:

- **Category A** - Projects which currently are (or were) in the construction phase, but have been put on hold due to COVID 19 and are likely not to progress, or to progress at a much slower rate or scale/scope, if not supported post COVID 19.
- **Category B** - Projects which have a high expectation of commencing the construction phase within the next six months (by 31 October 2020), but are unlikely to do so due to COVID 19.
- **Category C** - Projects which could have been expected to commence the construction phase within the next 12 months (by 30 May 2021) but are unlikely to do so due to COVID 19.

This may include projects currently in a procurement phase including where:

- a suitable Tender has been completed;
- a Tender Evaluation is in progress;
- a Request for Tender is in the market; or
- the principal is about to put out a Request for Tender to the market.

This may also include maintenance and asset replacement projects which require little design or consenting, such as local/regional roading and three waters projects.

Step 2B: Project classifications: infrastructure type, value and employment benefits

Criteria 2: Consideration will be given to whether the project has a **public or regional benefit**. CIP will categorise projects based on the following categories:



- Transport
- Three waters
- Buildings and Structures
- Other infrastructure

The infrastructure will be classified as

- Critical infrastructure
- New infrastructure
- Replacement/refurbished infrastructure
- Repurposed infrastructure

Criteria 3: Whether the project is of a **size and has material employment benefits** of \$10m+.

While we have referred to a minimum project size of \$10m, we recognise that this might be too high a threshold for some of the smaller regions or districts in NZ. Note that this could include programmes of work, for example a series of road maintenance/resealing projects or a series of three-water pipe renewals/replacements. PIF's for projects under the \$10m threshold in smaller (by population) territorial authorities' areas can be submitted to CIP and CIP will provide them to the Provincial Development Unit (PDU) for consideration given the PDU is best equipped to consider those projects.

The threshold would remain for larger regions.

Step 2C: Overall Benefits national and regional

CIP will also categorise by the **overall benefits** of the project. The matters which will be considered under this heading include:

- Economic/Social/Environmental benefits; and
- Regional/Nationwide benefits.

This will include any project, either public or private, that will benefit the wider public or a particular regional area due to its nature. Given the breadth of infrastructure it is acknowledged this may include private sector projects that demonstrate wider public benefits. Examples include (but are not limited to) transport (including public transport, roads, cycling infrastructure and bridges), wastewater treatment, potable water, stormwater, schools, hospitals, tertiary education, community facilities, energy, regionally or nationally significant infrastructure such as airports and ports or infrastructure that supports our key industries such as tourism and agriculture. Projects that have a strong regional benefit will also be considered.

Ministers will be particularly interested in investments that modernise the economy and set it up to enhance sustainable productivity into the future rather than those that replicate the current economic arrangements.

In line with Treasury's Living Standards Framework² and Sustainable Development Goals³ consideration will also be given at a high level to whether a project brings real value (in an economic, social and/or environmental sense) to New Zealand as a whole or the region in which it is located.

² <https://treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/our-living-standards-framework>

³ <https://www.mfat.govt.nz/en/peace-rights-and-security/work-with-the-un-and-other-partners/new-zealand-and-the-sustainable-development-goals-sdgs/>

The Government Policy Statement on land transport, and the priorities that it establishes, will also be taken into account

These benefits should be readily identifiable and determined by an assessment such as a Business or Investment Case that supported the decision to deliver the project.

Please note you should not submit any project that does not demonstrate some wider public benefit.

Step 2D: Project risks

Risks will be categorised in three groupings:

- risk of the project not commencing within the advised timescale;
- risk the project will not be completed on time, to cost or to specification; and
- risk the project will not obtain the benefits outlined in the Overall Benefits section above.

Each risk should be ranked as high, medium or low and include a short explanation as to why it was given that risk rating.

Step 2E: Impacts of Covid-19

We seek to obtain a general understanding of the impacts that COVID 19 has had on the project. We are therefore seeking information in relation to:

- the likelihood of that project recommencing once the COVID 19 Response Level is suitable for construction to proceed, whether it would recommence but required to be scaled down or stopped indefinitely;
- an estimate of the financial implications of COVID 19 on the project; and
- confirmation whether the project has already, or is likely to benefit from already announced Government led financial support for businesses (e.g. wage subsidy scheme/business finance guarantee scheme).

Step 3: Clarifications

CIP may seek any additional clarification on the project information received, and will require responses no later than 5 pm on Monday 27 April 2020.

Step 4: Next steps

CIP and the Reference Group will provide information on the projects to Government.

CIP intends to contact all parties that provide Project Information once Government has advised what the next steps are.

Use of information

- Each party that completes a PIF agrees that the information it provides may be used or referred to in preparation of reports to the Reference Group and central Government and for other associated purposes. Any such reports may be publicly disclosed (in whole or in part). Publically released versions of any such reports will be redacted or anonymised to exclude any specific information identified, in the PIF response, as being commercially sensitive. Information may also be disclosed as required by law, including under the Official Information Act 1982.*
- The request for project information is not a Notice of Procurement nor does it form part of any procurement process.*