

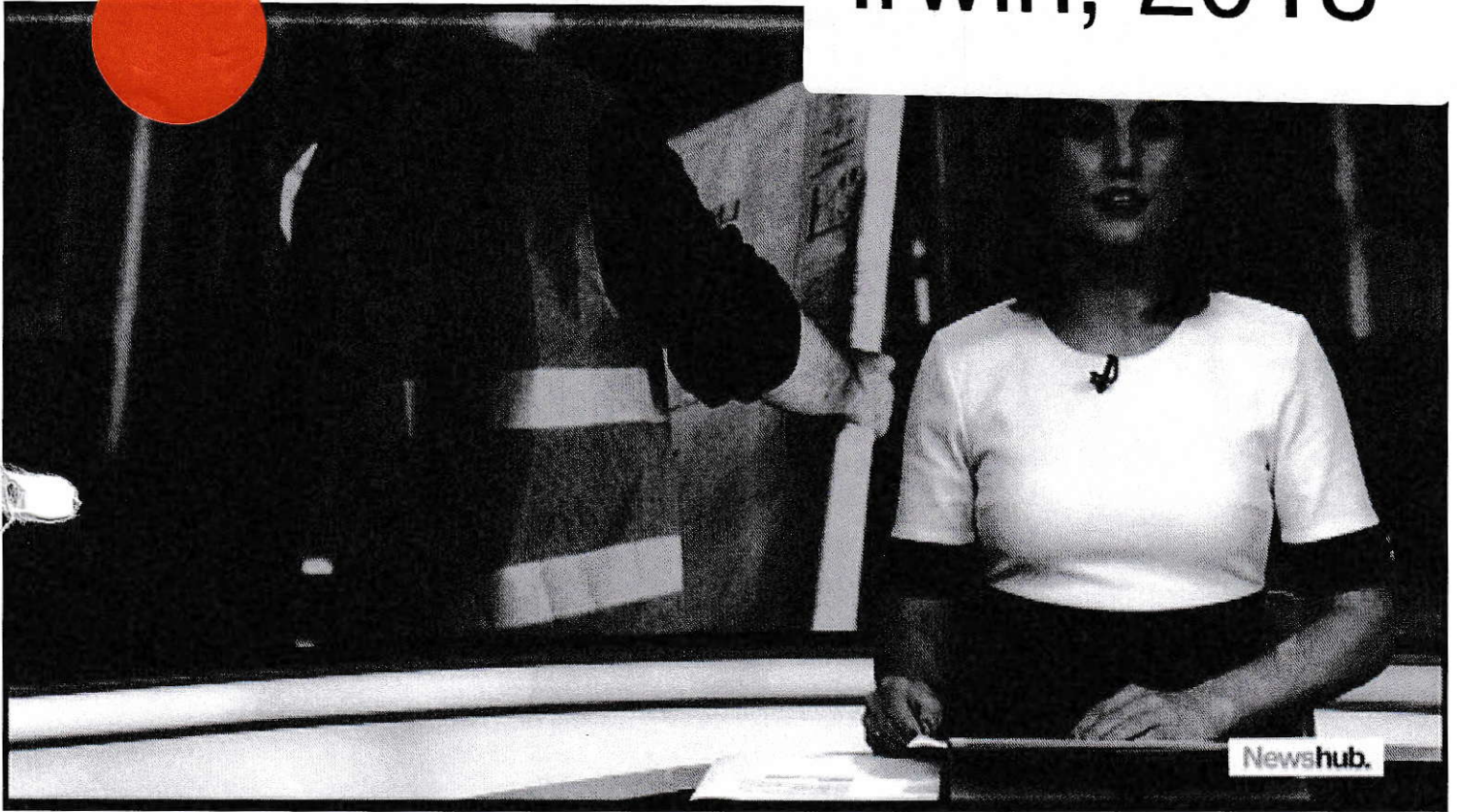
## NZ's large-scale construction industry needs 'a reset' - Shane Jones

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Ben Irwin

# Irwin, 2018



Credits: Newshub

New Zealand's large-scale construction industry will "die" unless there's a major "reset", Infrastructure Minister Shane Jones says.

The stark warning comes after crisis talks at the Beehive between Government ministers and industry heads, following the demise of several construction companies.

According to Mr Jones, New Zealand's construction industry is on its way to the emergency room and is in need of urgent attention.

• [Ebert Construction firm goes into receivership](#)

• [Construction industry caught in 'negative cycle' - expert](#)

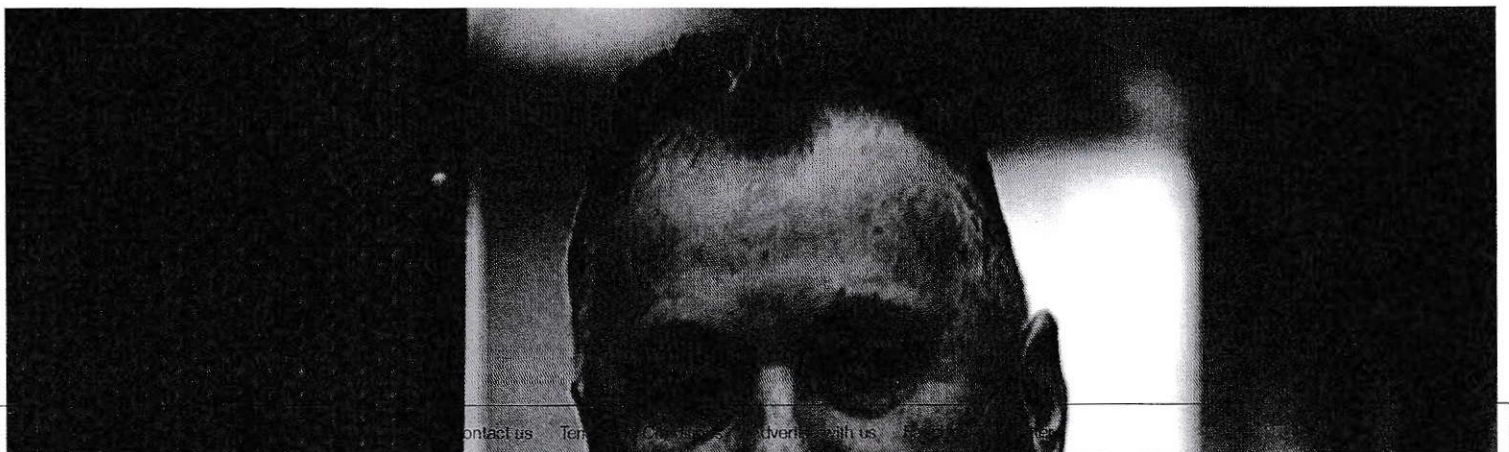
• [Ebert won't be last construction company to go under - experts](#)

"This is a health episode, and when a health episode strikes either an organisation, a sector or an individual, you do a reset - or else you contemplate certain death," Mr Jones told Newshub.

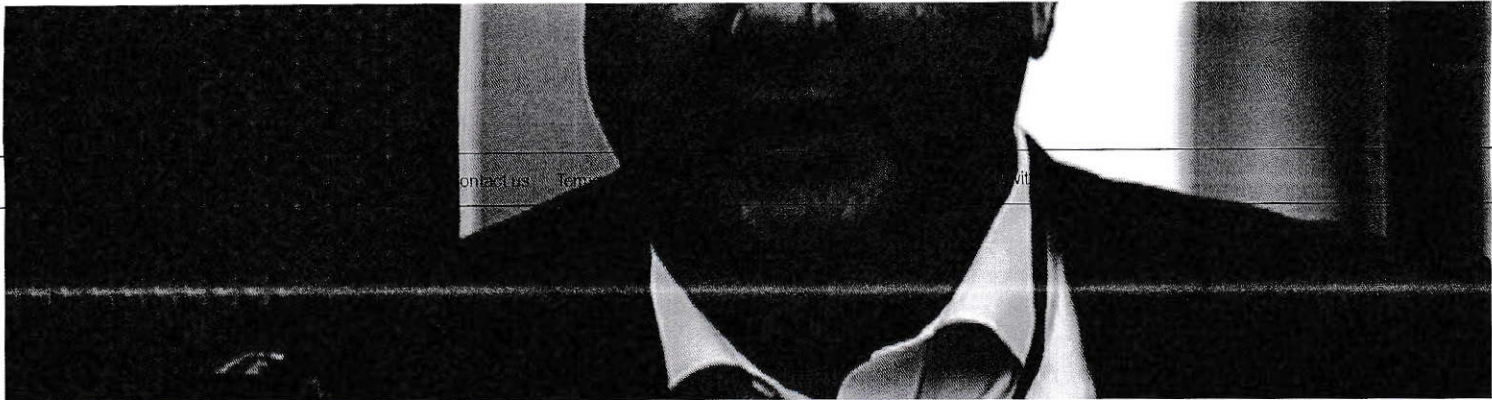
Casualties have been piling up in recent years in the "vertical construction" sector, which mainly deals with high-rise commercial or government buildings.

Ebert Construction went into receivership last week, owing \$40 million to creditors - costing 80 jobs and leaving the future of 15 projects in doubt.

In addition, the country's largest construction company, Fletcher Building, announced a complete pull-out of "vertical construction" earlier this year after losing hundreds of millions of dollars on low-margin projects, including Auckland's SkyCity convention centre and the Justice Precinct in Christchurch.







Infrastructure Minister Shane Jones speaking to media on Monday. Photo credit: Newshub

"Let's call a spade a spade. We've had Ebert, we've had the red ink for Fletcher's," said Mr Jones. "We're not ignorant of the fact that there's a lot of pain and pressure there."

Mr Jones warns it's threatening the viability of the industry in New Zealand - the loss of which would be a huge strategic blow to the country, which could be forced to outsource large projects to foreign companies.

Master Builders chief executive David Kelly says the sector needs to address the damage being done by "price-pinching", when clients aggressively push for the lowest cost when tendering projects.



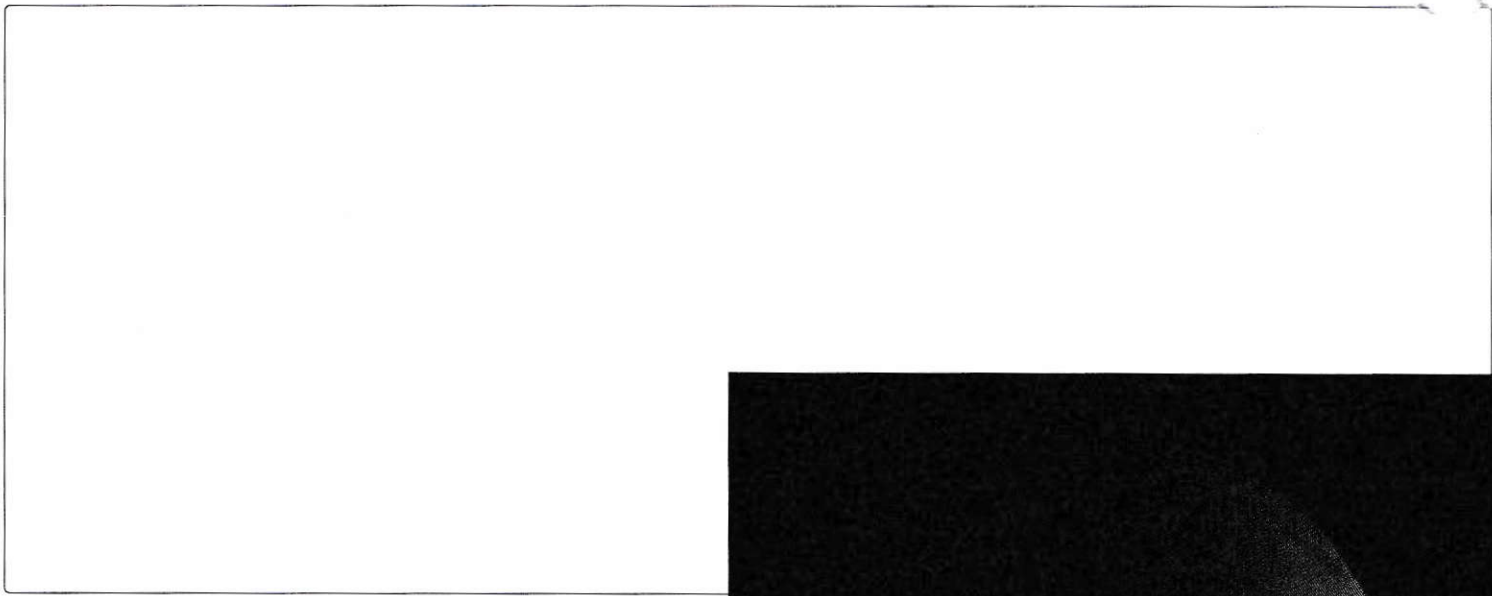
"Unfortunately, far too many construction companies have ended up buying into that," Mr Kelly told Newshub.

It's a system the Government - which is responsible for 18 percent of all vertical construction projects - has been accused of exploiting.

The Government's own procurement guidelines state agencies should aim to "get the best deal for everyone" when putting projects out to tender.

Ministers on Monday promised to remind agencies of that goal in an effort to support the distressed construction industry.

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