

COVID-19 Sector Implications

Infrastructure

Please note that this sector summary should be read in conjunction with the [Overview](#), and that the information below considers the impact to date of COVID-19, then looks to the future under two different recovery scenarios. Additional information about the scenarios can also be found in the Overview document.

- **The first scenario assumes recovery by the end of 2020**
- **The second scenario assumes a longer-term recovery**

Infrastructure

Impact to date

Governments are judged by the stable supply of essential goods and services in a crisis and it is crucial that infrastructure operators continue to facilitate the smooth provision of transport, connectivity and utilities services amidst a myriad of uncertainties. Public and private operators will need to strike a sensitive balance, prioritising both the health and safety of customers and staff, and the continued provision of critical services. This will require flexibility, the deployment of robust resilience plans and the utilisation of smart and digital solutions.

The impact will not be on one sector alone but across these interconnected systems of critical infrastructure services and will need a systems-based approach across sectors to identify the interconnected risks/ impacts and to collaborate on where to prioritise efforts to keep the system moving.

Quick response requires robust resilience planning

Infrastructure providers are well versed in preparing for unexpected and extreme events and usually implement robust resilience plans to help them prepare and respond effectively. Whilst the virus itself does not impact the physicality of infrastructure assets, there may be ramifications for maintenance and back and front office staff that in turn may limit the provision of services.

Prioritising only essential maintenance procedures, running reduced services at peak times and working to ensure the continued health and safety of workers will ensure operators can provide critical, if not optimal, services.

Recovery by end of 2020 Impact

The impacts on infrastructure will be volatile and interconnected. Whilst following government guidance on

response levels, infrastructure companies need to try to keep everything in the earlier infrastructure lifecycle stages moving if possible. This will help avoid a situation where we find ourselves with no major projects ready to progress in 12-18 months, which will hamstring the economic recovery. It is also important that government maintains capacity in the project planning, design and development stage of the infrastructure lifecycle to support the capacity and capability in the New Zealand workforce.

The financial sustainability of infrastructure organisations will therefore be impacted by consideration of payment terms, contract execution. Bringing forward planning/ procurement work will be a priority.

Longer term recovery impacts-

If a longer recovery is expected, then government should look at re-prioritising projects and bringing them forward to strengthen the project pipeline and enable the construction sector to rebuild and strengthen their organisations to deliver the projects.

Utilities and Telcos

Impact to date

The immediate focus has been ensuring the initiation of established crisis plans to enable the ongoing operation of critical assets to maintain delivery of essential power, electricity and telecommunication services. The providers have well established crisis management plans and, while the virus does not impact the underlying infrastructure assets, their ability to ensure key human resources are protected - and able to continue working - is vital to the provision of services. The sector will face some challenges in providing timely responses to unplanned events and performing required maintenance as resource challenges are encountered. There has been some adverse impact due to the lack of availability of some front and back office resources who were not initially considered core to critical asset management, which in turn impacts some customer facing delivery. There is a need to reprioritise resourcing to different areas.

Recovery by end of 2020 Impact

The immediate impact has been to suspend the assessment, design, development or build of major projects due to reprioritisation of focus, and available resource, to the delivery of core services. As the underlying services are critical to the country, underlying demand will be maintained, if not increased. Any short-term impact on

electricity prices may be limited due to transmission constraints which could be extended due to delays in major infrastructure projects.

Longer term recovery impacts

A longer-term recovery will impact major investment projects including the development of new renewable energy builds, 5G network roll out and transmission network builds. The sectors will need to engage closely with the Government as both seek to reprioritise major infrastructure projects as part of the recovery plan. There also needs to be consideration given to immigration challenges in supporting the recovery, given a high level of reliance on foreign technical resources on work visas.

We have additional information, insights and practical advice on the business implications of COVID-19 available for you here:

- [Business implications](#)
- [Cyber safety](#)
- [IT resilience](#)
- [Financial reporting](#)
- [Business Continuity and Crisis Management](#)

Contact Us:

Adrian Wimmers | Head of Infrastructure, Partner – Deal Advisory | T: +64 4 816 4681 | E: awimmers@kpmg.co.nz

Mair Brooks | Major Projects and Infrastructure, Partner – Advisory | T: +64 9 364 0939 | E: mairbrooks@kpmg.co.nz

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