

COVID-19 update

Stage 4 restrictions applied to construction sites

The Victorian Premier has announced workplace restrictions affecting both small and large scale construction projects. The changes, proposed to apply for the next 6 weeks, will likely affect the pace of project construction and will impact not only developers but lenders providing construction finance.

The restrictions announced by Premier Andrews include:

- **Small scale construction** - Projects of 3 stories or less (excluding basement) are restricted to no more than 5 workers on site, including supervisors, and must comply with a Universal COVID Safe Plan.
- **Large scale construction** - Projects of more than 3 stories (excluding basement) must cap their workers on site to 25% of their 'normal' operations and must implement a High Risk COVID Safe Plan.
- **Major construction projects** such as State infrastructure projects are exempt from the worker restrictions but must implement a High Risk COVID Safe Plan.

Workers on small scale and large scale construction projects must not blend shifts and workers can only work at one site during the six-week stage 4 lockdown.

The restriction to work at a single site during the stage 4 lockdown will be material for sub-contractors who usually provide discreet tasks on multiple projects. It is foreseeable that there could be significant disruption to specialist trades if required to 'sit out' once they complete one job at one location.

At a minimum, the likelihood of construction delays during the six-week stage 4 lockdown will be immediate and largely beyond the control of stakeholders.

For both developers and lenders providing finance for these projects, we recommend that construction programs be promptly updated to have regard to these new measures. It may be prudent for lenders to start discussing with borrowers the need for additional interest cover and/or facility extensions.

More to follow as details emerge.

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