



Aon relaunches retention money solution for the construction sector in New Zealand

AUCKLAND, 16 May 2023 - [Aon plc](#) (NYSE: AON), a leading global professional services firm, today announced it has re-launched its Retention Instrument - a complying instrument that enables the construction sector to access retention money during commercial projects – in the New Zealand market, following amendments to the Construction Contracts Act 2002 (CCA).

Aon's Retention Instrument is the first complying instrument available in New Zealand and protects a specific dollar amount of retentions so that it is not necessary to hold retention money on trust in the form of cash, enabling these funds to be used within the business.

The Construction Contracts (Retention Money) Amendment Act 2023 (Amendment Act) goes into effect on 5 October 2023. The Amendment Act strengthens the CCA's retention regime and applies to commercial construction contracts for both principals and head contractors.

Under the Amendment Act, retention money is automatically held on trust, and must either be protected by being deposited and held in a compliant bank account used solely for these purposes or by a complying instrument.

Aon's National Manager - Surety, Warren Tucker, said there was clear need in the construction sector in New Zealand for a complying instrument, which is even more timely when considering the challenges facing the construction industry with material cost inflation, labour shortages, supply chain disruptions and credit constraints.

"Our clients need a solution to enable them to access the capital that is sitting within their business, while also complying with the CCA. There are many benefits of a Retention Instrument, including its ability to free up cash that would otherwise have to be held separately for protected retentions," Tucker said. "In addition, the Amendment Act will see companies and individuals alike face financial penalties for the first time for non-compliance. We worked with our clients in mind to develop this solution, as a direct result of the legislative changes, to help protect and grow their businesses at this complex and challenging time for the industry."

Amongst the various changes, the Amendment Act will allow the Ministry of Business, Innovation and Employment (MBIE) to administer and enforce the handling of retentions, including the ability to investigate and prosecute newly created retention money offences with fines up to \$50,000 for each offence for an individual and up to \$200,000 for each offence for an entity.



For further information, please visit aon.co.nz.

About Aon

[Aon plc](http://aon.plc) (NYSE: AON) exists to shape decisions for the better – to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries and sovereignties with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

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