

Geoff Cooper  
Chief Executive  
NZ Infrastructure Commission  
Wellington

By email to: [REDACTED]

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Dear Geoff

### **Draft National Infrastructure Plan**

Thank you for the opportunity to submit on the draft National Infrastructure Plan.

Can I first congratulate you and your team on the draft plan. It captures many of the themes and challenges that we have been advocating with government on and neatly sets out the decisions that need to be taken if New Zealand is to maintain and build first-world intergenerational infrastructure assets.

Our feedback on the Plan is provided under key headings below.

#### **Long term infrastructure priorities**

We strongly agree that a bipartisan approach to long term infrastructure investment is essential for industry confidence and to put in place the ingredients needed to support that – a skilled and capable workforce, a career pathway, a supportive immigration pathway, and investment in new and emerging technologies.

Too often, the ‘cancel culture’ that has historically characterised a change of government has disrupted the construction sector, fuelling boom and bust cycles. Necessary enabling infrastructure, such as aggregate supply through quarries, is often being put in the ‘too hard’ basket, leading to a lack of recognition of regional needs for these resources. This has to change.

#### **Work pipeline**

We are pleased to see an acknowledgement in the Plan that just because a project sits in a pipeline, doesn’t mean it will actually be built, nor does it provide confidence in the timeframe for project delivery.

A lot of focus is often given over to major projects and mega projects, and these are obviously important. But so is ‘the small stuff’ – the day to day projects that deliver value for communities and improve the quality of life for New Zealanders. We recognise that part of the solution is to ensure smooth delivery on smaller projects, and while this is recognised in the plan, it deserves to be emphasised. If we are reliant on huge projects to be planned, funded and financed – let alone be debated, argued and amended – this process can take

decades. It is essential that minor works are able to go ahead smoothly, because many projects of regional and local significance will deliver more for our broad communities.

From a contractor perspective, the pipeline of projects and scheduled maintenance is very important. Having an extensive pipeline gives an indication of what is proposed. But it is the conversion rate of projects in the pipeline to actual project delivery that is of most interest. That is where information is lacking, as most of the pipeline work done so far focuses on large projects.

It is incomprehensible that some central and local government infrastructure providers don't have asset registers and by implication have no credible asset management plan. It is also incomprehensible that there is no accountability to "watch dogs" such as the Auditor General for the prudent management of taxpayer and rate payer funds, for asset management, and for infrastructure project delivery. A strong planning framework with clear lines of accountability for project delivery, is essential for a healthy contractor market.

On the face of it, it's concerning that on the projections included in the draft report, water, electricity and gas, telecommunications, education, and hospitals all face reduced activity from around 2030/2033. If this is because projects after that point in time aren't far enough through planning to be documented and included, then explanation should be provided, lest this data is misinterpreted.

The document also estimates that for roading work, for the period 2010 to 2022 the investment represented 1.2% of GDP, while for the period 2024 to 2054 it is estimated at an average 0.8% of GDP. This is due to a forecast slowing of population and income growth.

Having experienced the devastating impact of Cyclone Gabrielle on the North Islands East Coast and recognising that there is going to be needed a significant programme of relocation (of communities, roads, etc), then we agree that infrastructure resilience investment is going to have to significantly increase.

Interestingly, in [our annual industry survey \(July 2025\)](#), only 14% are confident or very confident in the ability of New Zealand's infrastructure to cope with climate change, while only 24% are confident that the government is committed to infrastructure.

## Infrastructure asset funding

There is no doubt that traditional forms of asset funding are no longer fit for purpose. We agree with the three asset classes identified in the report and their respective sources of funding:

Network infrastructure (roads, water, electricity, etc) – user pays  
Economic infrastructure (stadiums, convention centres, etc) – commercial footing  
Social infrastructure – schools, hospitals, etc – taxes/borrowing

Delays in implementing water meters have negatively impacted network quality and performance. This is no longer a political 'hot potato', and water metering should be progressed where possible.

## Maintenance and renewals

We agree with the finding that keeping our assets going through maintenance and renewals should be a priority. We also agree that underinvestment in maintenance and renewals is a major issue, and that many asset owners have not kept up their maintenance

and renewal programmes, resulting in lost or declining services from asset failure. Ignoring maintenance creates downstream risk, and the ‘sweat the asset’ approach does not work.

### **Asset management competency**

We are pleased the Commission has raised this as an issue. Councils and agencies are responsible for significant asset portfolios, and too often those responsible do not have sufficient training, qualifications, or expertise to do this.

We strongly support a competency framework being developed – too often projects are poorly defined and scoped, leading to inevitable delays and cost overruns.

Improving competency and capability will not only enhance confidence with agencies and investors; it will also improve confidence with contractors.

### **Procurement competency and processes**

The draft report refers to the relatively low productivity in the construction sector. We would argue that one driver for this is poor procurement practices. We have recently canvassed this issue with members and received good examples of poor procurement practices. These include:

- A focus on lowest price is often a race to the bottom. Instead, project procurement should look at what is needed to deliver the project successfully and on time.
- It is time consuming and costly to respond to tenders, so good and efficient procurement is essential. Full tender processes should add value for the work the industry puts in – yet it is not uncommon for a large project tender to cost millions. If this is true for competing tenders, then we are spending a considerable amount on the tender process, without adding significant value.
- Tenders going to preferred contractor selection, then being cancelled (often because the client isn't ready i.e., no consent granted, no funding allocated).
- Information from tender bids then being used to negotiate a contract with a supplier who was not part of the tender process.
- Increasing number of projects entering the market with poorly developed and unrealistic programmes, scoping and budgets. For example, a water treatment plant upgrade in Wellington going to tender before seismic resilience had been scoped into the design.
- Council meeting minutes and future planning agendas often reference projects that never appear publicly for tender. This raises concerns about transparency and whether work is being directly awarded without broader market opportunity.
- There exists a culture of re-design, with a heavy consultant culture in procurement, planning and tendering phase. This severely limits how much of the budget actually goes to construction.
- Inconsistent RFT documents.
- Elected Members/Senior Managers in Local Government who have no training, experience or qualifications in procurement over-riding recommendations of

trained/qualified procurement staff following robust processes.

- Tendering takes a considerable investment in the industry's time, and there is often no information or value retained from failed tenders, with early contractor engagement to see if a project's physical construction is viable often not prioritised.
- And many more examples

We need a consistent procurement process that ensures transparency and fairness in tendering, addresses real or perceived conflicts of interest, promotes access to opportunities for smaller contractors, and fosters more balanced competition across all tiers of the industry. We have previously [mapped this out extensively](#).

<https://civilcontractors.co.nz/Pages/SYSTEM/Utility/Download.aspx?id=76ef6e96-12ba-46c3-b690-3788aa91a486&newtab=1>

### **The concept of “value”**

We all agree that central and local government must deliver value to taxpayers and rate payers. But too often, “value” is defined as “lowest cost”.

Poor procurement practices impact project cost.

Often a significant proportion of the project budget is consumed by consenting and design, leaving little room for the contractor (who carries the bulk of the risk).

There is a propensity in New Zealand to use bespoke designs rather than standard designs. The late engagement of contractor then often leads to the need to rework the design to make it fit for purpose. This is grossly inefficient.

Early contractor engagement has become more popular in the UK and Europe in recent times, due to the increasing complexity of infrastructure projects, pressure on budgets, and the need to deliver projects faster and more efficiently.

This can lead to improved risk management, better collaboration between clients, designers, and contractors, more cost certainty, and potentially faster project delivery.

Too often, the lowest price conforming approach leads to a sub-optimal solution which can in turn lead to higher maintenance costs sooner. Clients must be prepared to pay what is necessary to get the best possible enduring outcome. As the report says “It’s time to do new projects right, rather than dreaming big and seeing them constantly delayed, rescaled and cancelled”.

### **Workforce**

Civil Contractors New Zealand (CCNZ) welcomes the focus on workforce development within the draft National Infrastructure Plan, and strongly supports the need for ambitious and coordinated action to enable a skilled, future-ready workforce.

Our sector is at the coalface of New Zealand’s infrastructure build and faces a pressing challenge: an ongoing and growing shortage of skilled civil construction workers. This challenge is further compounded by an aging workforce demographic and insufficient new entrants coming through traditional pipelines, as consistently highlighted in recent research and in CCNZ’s report, [Developing a Skilled Civil Construction Workforce](#).

<https://civilcontractors.co.nz/Pages/SYSTEM/Utility/Download.aspx?id=581c1002-612e-4801-9090-8548b8477281&newtab=1>

To meet projected demand and avoid severe delivery bottlenecks, a step change is needed from all stakeholders – industry, training institutions, government, and iwi – to support the intake, development, and retention of the skilled workforce that will underpin New Zealand’s

infrastructure ambitions. The CCNZ Civil Workforce Forum has identified key actions:

- **Leadership and Coordination:** A dedicated, sector-led civil construction Workforce Development Manager has been employed by CCNZ, as it is essential to drive cross-sector collaboration, aggregate learnings from pilots, and coordinate upscaling of training and induction programmes nationwide. We need government to better understand how training is delivered by industry, and to support industry leadership on up-skilling the workforce.
- **Clear, Consistent Work Pipeline:** The sector needs increased certainty about the long-term infrastructure pipeline, to justify and support investment in training, enable career planning, and assure prospective workers of real opportunities.
- **Targeted Pathways and Entry Support:** Industry, education providers, and government must jointly create accessible pathways for school leavers, career changers, and those from under-represented groups. This requires scaled-up onboarding programmes, pre-trade training, targeted support for diversity, and stronger links between schools, trainers and employers.
- **Investment in Training and Technology:** Significantly increased and sustained investment in industry-led training (including Civil Trades certification, on-job trades and engineering qualification delivery and emerging technology competency) is needed to modernise the workforce and address the shift toward digital delivery methods.
- **Retaining Industry Knowledge:** Mechanisms must be developed to capture and transfer the knowledge and experience of outgoing workers to new entrants, ensuring continuity of skills and lifting productivity across the sector.

To achieve these outcomes, ongoing partnership with agencies such as Waihanga Ara Rau and the Infrastructure Commission is essential, alongside policy changes that support workforce planning, transparent data on workforce needs, and robust funding for training initiatives. Well-resourced and connected workforce development is critical if New Zealand is to clear the infrastructure backlog and deliver resilient, high-quality assets for future generations.

The report suggests the construction workforce will gradually increase over the next 30 years, but if the projects do start coming to market at this anticipated pace and scale, a gradual increase in workforce numbers won't be enough. There are very few entry paths into civil construction trades, and of those that exist, they are serviced by private trainers and the Ministry of Social Development. Almost no civil infrastructure trades training is serviced by the education system, which leaves us reliant on immigration and company training, and seems a massive oversight – an indictment on our education system, which is not providing skills at school, or pathways into working in civil construction.

And although we know the workforce needs to upscale and upskill, Over the past 12 to 18 months, our members have not been able to prioritise workforce entry, as the construction sector generally has experienced several rounds of restructuring, laying off staff and parking up or selling surplus equipment. As things currently stand, we are unlikely to have the capacity to deliver projects coming to market at pace and scale.

Workforce planning across government (i.e., MSD, Waihanga Ara Rau, Infrastructure Commission) is beneficial, but has had its challenges and does not, in our view, accurately recognise the civil infrastructure construction workforce numbers, in part because many

(including earthmoving and trenching) are defined under 'construction services', rather than 'Heavy and Civil Engineering Construction' in the current ANZSIC and ANZSCO codes.

Much of the forecasting relies on the residential construction sector as its base. CCNZ has recently had a funding application approved by the Public Trust to develop and provide planning tools that can be used by contractors, the wider industry, recruiters and government agencies to adequately plan for people resource needs on civil construction projects.

The industry currently has no formal planning tool that supports workforce development, either regionally to nationally and, (engineering aside), civil infrastructure construction skills play very little part in the curriculum. By integrating insights from government agencies, contractors and industry experts the project will leverage existing internal planning data and identify gaps in workforce planning. This approach will foster a paradigm shift towards proactive, data-driven workforce development, contributing to increased retention, productivity and community engagement in the civil construction sector.

The current government reform of vocational education poses a huge risk to the development of our next generation of workers. Work-based learning (which the civil sector has adopted nationally) is being overlooked in favour of regional polytech training delivery (which doesn't deliver civil construction trades training, and the civil construction sector largely doesn't use).

We must be able to rely on a national programme ensuring that whether an employee is from the far north or deep south we can be confident in what they have been trained in, and how they have been trained. This enables our employers to confidently move employees around the country to where the work is. Work-based learning and funded support for in-work training and qualifications is critical in delivering the infrastructure programme.

It is also worth noting that, with the industry restructuring that we have experienced and if projects start coming to market at scale, we are likely to see salaries and wages forced upwards recognising the critical labour shortage that will arise. This will inevitably push up project costs (as we saw during the COVID pandemic), and net migration numbers as skilled infrastructure construction workers are 'imported' to meet construction needs.

The report rightly concludes that "changes are needed to ensure that we develop an infrastructure workforce that has the right capacity and capability to deliver on future investment demands".

## **Temporary Traffic Management**

The report refers to the increasing cost of temporary traffic management (for example temporary traffic management costs for electricity lines work tripled between 2019 and 2024).

The change to a risk approach means risk is now being assessed for each site and a plan put in place that reflects the site and its risk profile.

That could lead to higher or lower TTM costs for some projects, based on the need to manage risk. But the industry is not about to compromise the safety of its road workers and the travelling public merely to reduce project cost or reduce the number of road cones on site. The penalties for health and safety breaches are too high and will inevitably lead to a more conservative approach on site.

## **Conclusion**

Thank you for the opportunity to comment on the draft Plan. We welcome its contents and support its findings. We are eager to continue supporting the Commission to reach good outcomes, and if we can provide any further comment or assistance, please let us know.



Chief Executive  
Civil Contractors NZ



Principal Business Partner