



12 June 2025

Hon Chris Bishop  
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Parliament Buildings  
Wellington, 6160

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Tēnā koe Minister

## **FOLLOW-UP TO OUR MEETING IN FEBURARY**

Thank you again for your letter of 07 April 2025. We appreciate your continued engagement with us and the interest you show in supporting the industry.

As you know we strongly support your ambitions to resolve New Zealand's infrastructure deficit. It has been great to see the continued commitment to infrastructure through the Budget announcements. The investment in health, schools and defence are welcomed. We also appreciate your focus on improving crown asset management and your encouragement to councils to prioritise spending on renewals and maintenance.

We note the infrastructure pipeline of future work continues to grow and some firms are feeling cautiously optimistic about some green shoots they are seeing. However, there are still considerable concerns that work is not flowing into the market quickly enough, based on our discussions with a wide range of engineering and contracting firms. We thought it would be timely to update you on the state of the sector and the small but positive improvements we are beginning to see.

Since our meeting in February, we have seen significant efforts from NZTA to help support the sector. They have been working hard to accelerate projects (such as either maintenance or pre work for the roads of national significance.) We understand that NZTA are progressing procurement preparation and strategies alongside the business case process so that as soon as investment decisions are made, they can promptly get out to market. This has been a welcomed change for some parts of the sector.

While we are encouraged by the work of NZTA and other agencies to get capital works projects to market, we are very aware that this alone won't sustain the industry or ensure the sector is ready to deliver to New Zealand's infrastructure needs for the long-term.

The following illustrates what we are seeing and hearing:

- There are not a lot of smaller projects, or maintenance and renewals coming to market.
- Those with work are often worried about the future as they only have work for the next 4-6 weeks.
- Member businesses are concerned that once the roads of national significance are awarded there will be a hole in the pipeline in relation to general transport work, including transport planning and low-risk regional projects.
- There remains little work on water networks and members are reporting concerns about client capacity and resourcing to progress water programmes particularly in the current environment of significant regulatory reform across the National Wastewater standards, the RMA, and upcoming local government elections.
- Many businesses remain in survival mode, and we continue to hear of restructuring and job losses, particularly within the contractor space where many have exhausted their options. We sadly expect to see more businesses closing. Civil Contractors, for example, has lost 26 Branch Associates, 10 Major Associates, and 36 Contractor members this year, all due to business closures, liquidation or cost pressures as they structure themselves for survival.
- We continue to hear of restructures in professional engineering businesses and skilled workers leaving the country due to better prospects overseas. As previously noted, the ACE New Zealand quarterly [how's business](#) surveys are showing notable staff redundancies, and a significant reduction in graduate recruitment. ACE New Zealand will be repeating their survey at the end of this month and looks forward to sharing the updated results with you.
- Some of the larger professional services firms have deployed significant numbers of staff to offshore projects. These people will not be immediately available to the New Zealand market when the market does pick up.

We would welcome an update on the following matters raised in your 7 April letter, such as:

- Progress made around monitoring actual vs forecast project spend against the pipeline.
- What further action your infrastructure colleagues can take now to address the continued issues across their portfolios and allow opportunities for ongoing portfolios of work to maintain a healthy sector, particularly across local government.
- Your thoughts on the opportunity for other government agencies to leverage NZTA's expertise, and whether Crown Infrastructure Delivery could help others to bring in this same level of engagement and innovation.
- Any further ideas to support local government to bring work to market, particularly maintenance and renewals.

We would appreciate the opportunity to meet with you to understand the progress that has been made to support the sector and how we can help this vital work.

Ngā mihi

		
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