



26 May 2025

Rt Hon Chris Hipkins
Leader of the Labour Party

By email only: chris.hipkins@parliament.govt.nz

Kia ora

We are writing today to introduce you to our association and invite your engagement with our members on key challenges and opportunities to enhance infrastructure policy, planning and delivery in Aotearoa New Zealand, heading into the next election.

Who we are

The Association of Consulting and Engineering New Zealand (ACE New Zealand) is an incorporated society – a firm-based membership organisation representing around 270 professional services firms and more than 16,000 people working across the built and natural environments.

Our members range from large global firms to small and medium enterprises, employing specialists including engineers, project managers, planners, scientists, architects, surveyors and other technical disciplines. Our teams contribute significantly to Aotearoa New Zealand's economy by advising, designing and delivering on critical technology, policies and practices, and construction and infrastructure across the built and natural environment in Aotearoa.

It is estimated building and construction alone contributes around 6 percent of New Zealand's GDP,¹ with the construction sector being the largest contributor to employment (accounting for 10.4 percent), and Professional, Scientific and Technical Services the third largest contributor (accounting for 9.7 percent). Both these sectors are also significant contributors to employment growth in New Zealand.²

Our members have a deep understanding of the policy and stakeholder issues linked to the economic wealth, wellbeing and prosperity of our society, as well as project design, delivery and decision-making, from our largest infrastructure projects in New Zealand through to smaller community projects.

Key policy areas

It's critical that Government policy and practice supports a healthy construction and infrastructure sector for the benefit of our communities and economy.

¹ Statistics New Zealand

² <https://ecoprofile.infometrics.co.nz/new%20zealand/PDFProfile#h10>

We have identified three key policy areas you can support to drive productivity and better construction and infrastructure outcomes in Aotearoa:

1. **Pipeline certainty.** A committed pipeline of work is crucial for the stability and growth of our industry. Without pipeline certainty businesses are unable to plan their business effectively and build capability, including developing and retaining skilled labour in New Zealand, and investing in technology.

It takes the consulting sector time and money to gear up for a project, from assisting with business case development, to pulling together a bid, to recruiting the right people, and mobilising and building the capacity and capability of the team. Any time a project is placed on hold, or a change in decision is made, there is a negative impact, not just for our businesses but for the wider productivity of the sector, which ultimately affects our communities.

Effective and efficient delivery requires a visible forward pipeline. We have seen the damage that has been done when multiple projects are scrapped or put on hold. Commitment to a long-term pipeline of infrastructure projects that go beyond political cycles, which are well planned at a national level and have clear objectives will be a significant issue for our sector leading into next year's election.

2. **Better procurement and contracting.** As New Zealand's largest procurer, the Government has an opportunity to contribute to more cost-effective and efficient project delivery and better economic, social and environmental outcomes for New Zealand. The Government can do this by showing leadership in better planning processes and by avoiding complex, bespoke and lengthy government procurement processes, unfair contracting behaviours, and the continued emphasis on lowest price, rather than best value.

When the public and private sector don't work together to get these upfront planning procurement processes right, we waste time and money responding to scopes of work that won't achieve the outcomes we're all looking for, in unproductive contract negotiations, risk choosing the wrong delivery mechanisms for projects, experience scope creep and cost blow-outs. All of this undermines our collective ability to deliver innovative and cost-effective solutions for New Zealanders. Setting a tone for standardisation and early engagement of specialist expertise will improve this.

We are asking current and future governments to commit to consistency and standardisation of government planning and procurement processes, including the use of industry-accepted standardised contracts and conditions, to avoid wasteful contract negotiations, project specific special terms and inappropriate risk transfer, and to enhance innovative outcomes for New Zealanders. This can be supported through government setting clear expectations that its departments, agencies and councils will follow standard processes except in exceptional circumstances. As an example of a strong approach to streamlining contracting processes during procurement and ensuring transparent contracting behaviour, the International Federation of Consulting Engineers (FIDIC) has ascribed a set of [Golden Principles](#) that define the provisions within its contract suite that cannot be modified if the contract is still to be called a FIDIC contract. New Zealand could consider a similar approach for government contracts, with a more robust system for monitoring and holding agencies and departments to account for not following the Government Procurement Rules. This may include giving an independent government department or agency, like New Zealand Government Procurement (NZGP), authority to monitor compliance and hold agencies to account.

It will be important we keep focussed on this as we scale up new delivery methods in New Zealand such as design and build and PPPs, and as we invite international suppliers into our markets who bring with them their experience of working in much more litigious markets, such as Australia.

A project ACE is currently undertaking, working with representatives from local and central government and our membership to co-design the principles of good consultant - client engagement, aims to support clients and consultants to work together more collaboratively throughout the investment lifecycle. We would welcome a conversation with you about how we can utilise this work to drive better planning and procurement behaviours across the sector.

3. **Future workforce.** We need a highly skilled and diverse workforce to be able to deliver our growing infrastructure and construction deficit and the new infrastructure we need to support our growing economy and climate change responsibilities.

We are currently facing numerous challenges both ensuring sufficient numbers of trained professionals are coming through our education system, as well as retaining people in the industry once they are qualified. There are also numerous challenges bringing migrants into the country to pick up the domestic supply shortfall.

Over the past year we have been tracking how the current market is impacting businesses through quarterly business sentiment surveys. The data gathered from the firms that responded to the surveys³ show that cumulatively over the past year over 1200 people have left their firms either due to redundancies or staff leaving for other opportunities. We also saw a significant reduction in graduate recruitment, with 57% recruiting fewer or no graduates compared to 2024. You can read the [latest *How's business?* report here](#).

We also recently published a joint report with Engineering New Zealand and Waihangā Ara Rau which looks specifically into the engineering skills shortage and sets out the key challenges and actions we currently undertaking or exploring to help address these challenges. You can read the full [Long-term Skills Shortage – Action Plan 2025 here](#).

We need a commitment that any future Government continue to work to address the significant skills shortage facing our sector, both through review of the immigration settings and investment in our education system at tertiary as well as vocational levels – particularly in engineering and surveying.

Conclusion

ACE member firms are integral to the growth and development of our communities in Aotearoa New Zealand, and to our economy. We have a deep understanding of the policy and stakeholder issues across a vast range of areas all linked to the economic wealth and prosperity of our societies. We are invested in policies that support our businesses to support their communities in the most effective, efficient, and productive way possible.

We would welcome the opportunity to meet and discuss these issues with you in more detail. Please contact me by email: helen@acenz.org.nz or to set this up.

Nga mihi,



Helen Davidson
Chief Executive

³ Approximately 60-70 firms responded to each survey.