

Civil Contractors New Zealand submission on the School Property Regional Supplier Programme – market engagement feedback – 26 June 2026

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Re: School Property Regional Supplier Programme – market engagement feedback

Thank you for the opportunity to provide feedback on the proposed Regional Supplier Programme.

Civil Contractors New Zealand represents more than 800 member businesses and organisations across horizontal infrastructure construction, including large, medium and small contractors working in communities throughout New Zealand. The services our members provide for the Ministry of Education will include earthworks, paved areas, playgrounds, open spaces, classroom foundations and more.

We acknowledge the Ministry is seeking supplier input before decisions are made, and that the current proposal is not yet a procurement process. However, consultation seems to have been targeted for vertical construction, largely omitting civil construction companies that are contracted to perform works.

We have just been made aware of the consultation, and members are concerned the proposed model may transfer the Ministry's administrative burden and procurement obligations to engage fully with the construction market to a small number of gatekeepers. In turn, we are concerned the resulting lack of direct engagement will lead to reduced productivity, increased cost in the long term, and reduced visibility over market performance.

Establishing an anti-competitive market

The proposed model would appoint only 3–5 suppliers in each of three regions to manage a national School Property-led capital pipeline of around \$1 billion and approximately 270 projects per year, with most projects under \$3 million.

While this may create pipeline certainty for those few selected suppliers, it risks reducing visibility and direct opportunity for the wider market, particularly local small and medium

contractors, who may be consigned to become sub-contractors rather interacting directly, if the proposals go ahead.

Members are concerned this structure may be anti-competitive in practice. The Ministry has itself acknowledged risks around market concentration, collusion, reduced competition and unintended barriers for some suppliers, particularly where the model shifts to actively managing fewer, larger supplier arrangements.

In our view, establishing a small dominant group with commercial power over subcontractors, consultants and regional suppliers would be a poor and unsustainable outcome. We are also concerned it may breach the Commerce Act, by directly enabling anti-competitive behaviour.

The concern is not collaboration itself. CCNZ supports legitimate collaborative models such as panels, alliances, joint ventures and early supplier engagement, where these preserve healthy competition and practical delivery. We're aware the Ministry currently fosters prequalified supplier panels, where contractors can tender for work.

The issue is whether the new proposals will entrench 'gatekeepers', who then control access to Ministry work through private-to-private procurement processes with limited transparency, accountability or competitive discipline.

Members have warned us that excluding market tenders in this way could weaken regional capability. Small and medium contractors often invest directly in local workforces, equipment and apprenticeships. If work is channelled mainly through a few large head contractors, local firms may become either labour-only subcontractors, or specialist subcontractors with no visible work pipeline, less certainty, weaker margins and reduced ability to invest.

The Ministry states in its consultation materials that small and local businesses will remain important and that local participation should be encouraged, supported and monitored. CCNZ strongly recommends those requirements be built into the model as enforceable obligations, not aspirations.

We also see parallels with historic experience under large, bundled network arrangements. Once a government agency's direct relationship with the wider market is reduced and dependence is placed on gatekeepers to communicate intentions and opportunities, it can be very difficult to re-engage suppliers. Rebuilding trust, communication and capability across the broader market takes time, and in some cases, dialog can be lost altogether.

Worse outcomes for communities, less visibility on public spend

We are also concerned this model would produce worse outcomes for schools, communities, citizens and taxpayer dollars over time.

In effect, the proposal appears to contract out core Ministry procurement responsibilities to a small group of regional head contractors. That may reduce administrative effort for the Ministry in the short term, but it risks weakening the Ministry's direct commercial capability, market intelligence and accountability on project delivery.

Te Waihanga New Zealand Infrastructure Commission has expressly noted in its [National Infrastructure Plan](#) that agencies need disciplined procurement processes, strong commercial judgement, and accountability for delivery. Lifting commercial capability inside agencies and not simply contracting out that obligation by relying on external support is an important part of this change.

The proposed model risks adding cost rather than removing it. By placing a small number of intermediaries between the Ministry and the wider construction market, the model creates “middle-man” parties who will need to recover their own margins, overheads and risk allowances from the same public funding envelope, adding an extra project management cost to any construction works without necessarily adding value.

CCNZ considers the proposed approach will drive poorer long-term outcomes, higher costs and reduce productivity.

For taxpayers, the risk is that less of each education dollar reaches actual construction work on schools. The Ministry’s own engagement material identifies current concerns including limited pipeline certainty, fragmented arrangements, no transparency for subcontractors, and requirements changing too often during delivery.

We do not see how concentrating control in a small number of private entities resolves those issues for the wider market; it simply moves them out of the Ministry’s direct line of sight and reduces the Ministry’s control over procurement outcomes.

There is also a competition risk. CCNZ considers that poor procurement practices can drive a “race to the bottom” in unsustainable pricing.

Finally, we consider this approach is likely to reduce the Ministry’s ability to maintain direct, open and regular dialogue with the wider construction market. That loss of relationship and visibility would make it harder to understand regional capacity, pricing pressure, delivery risk and emerging capability gaps. These are all matters that set clear supplier expectations for the whole market, and directly affect value for money and school outcomes.

If the proposal goes ahead as stated and regional suppliers are appointed, subcontractors and consultants may face private-to-private procurement processes with less transparency, less recourse, and greater pressure to absorb risk without the ability to interact directly with the Ministry of Education for fair outcomes.

Conclusion

CCNZ considers the Ministry should not proceed with the proposed approach.

Our initial feedback is that this plan will increase costs, damage supplier capability, and lead to poor outcomes for the Ministry of Education’s physical works.

The current system is based on panels, with market engagement, and ability for the full market to tender on projects. It is clear the Ministry would like to improve the system, and CCNZ welcomes further direct engagement with the Ministry (and members who may not have had a chance to participate in consultation) before the model is advanced further.

Sincerely,



Alan Pollard
Chief Executive
Civil Contractors New Zealand Inc.



Principal Business Partner