



Registered Master Builders Association of New Zealand Incorporated

Submission on the 2026 Consultation to finance
Port Marlborough's share of the Waitohi Ferry
Redevelopment Project

May 2026

The Registered Master Builders Association submission on the 2026 Consultation to finance Port Marlborough’s share of the Waitohi Ferry Redevelopment Project

The Registered Master Builders Association (Master Builders) welcomes the opportunity to submit to the Marlborough District Council on *the 2026 Consultation to finance Port Marlborough’s share of the Waitohi Ferry Redevelopment Project*.

About Master Builders

Master Builders represents over 3,000 commercial and residential builders and are the leading sector advocates on the built environment. Our members have been building the places where New Zealanders live, work, and play, since 1982.

Our sector is a key contributor to the New Zealand economy. For the year ended March 2024, the construction sector contributed 7.8 per cent of the country’s real Gross Domestic Product (GDP) accounting to over \$17.2 billion¹. It also employed 295,100 people (or 10.2% of the country’s total workforce) in the December 2025 quarter².

We are working hard to lead the change our sector needs by ensuring we have the regulatory systems and processes in place to build faster and better. We are supporting our members to grow their capability and business acumen to ensure a strong and healthy sector; to innovate and make the most of new technologies so we meet the climate change challenge; and to attract, train and retain skilled talent. We are proud to be New Zealand’s best builders.

At Master Builders we are committed to transforming the sector and rebuilding our economy. We are focused on building better homes, communities and workplaces, and ultimately better lives for all New Zealanders. We want to ensure that the houses that we build now are well-built, accessible, affordable, and appropriate to the needs of our ever-changing society. We are building a better New Zealand.

Our members are supported on the ground by 23 branches across 6 regional hubs:

Branch hub	Serving
Auckland	Auckland, Northland, Coromandel
Midlands	Waikato, Tauranga, Whakatāne, Rotorua, Taupō
Central North Island	Taranaki, Whanganui, Hawke’s Bay, Manawatū, Gisborne
Cook Strait	Wellington, Wairarapa, Nelson, Marlborough, West Coast
Canterbury	Canterbury, Ashburton, South Canterbury
Southern	Otago, Central Otago, Gore, Southland

¹ Statistics New Zealand – Infoshare: Gross domestic product – March 2024

² <https://www.stats.govt.nz/news/building-new-zealand-focus-on-the-construction-industry/>

1. Support for the Redevelopment Project

- 1.1 Master Builders supports the Waitohi Ferry Redevelopment Project and supports, in principle, Council raising debt to enable Port Marlborough's \$110 million contribution to the redevelopment.
- 1.2 We recognise the critical role of the Cook Strait connection for Marlborough and New Zealand, and acknowledge the long-term benefits the project is intended to deliver for freight resilience, passenger connectivity, tourism, trade and regional economic activity. We also acknowledge the importance of maintaining Picton's role as a nationally significant transport gateway and future-proofing infrastructure that is nearing the end of its useful life.
- 1.3 In our view, the proposed financing arrangement is justified given the long-term value of the Cook Strait connection, the role of Port Marlborough as critical national infrastructure and the wider economic and regional resilience benefits expected to result from the redevelopment.
- 1.4 Importantly, we believe this project also represents a significant opportunity to support employment, industry capability and economic stability during a particularly difficult period for the Marlborough economy and construction sector. We submit that project delivery should seek to maximise fair opportunities for capable regional construction firms, contractors, suppliers and apprentices to participate where they can demonstrate capability, capacity and value for money.

2. Current Economic Conditions in Marlborough

- 2.1 The Marlborough construction sector is currently experiencing one of the most difficult trading environments in recent decades. A significant slowdown in private sector activity, combined with reductions, delays, and uncertainty around Government-funded infrastructure investment, has materially impacted the regional construction pipeline.
- 2.2 Members have pointed to the cancellation or scaling back of major planned infrastructure projects, including the Marlborough colleges co-location project and the iRex project, as significantly reducing future workloads and weakening industry confidence in the region. At the same time, broader economic pressures, including the slowdown in the viticulture sector, are adding to the strain across Marlborough.
- 2.3 Recent building consenting data for Marlborough also reflects the significant slowdown in construction activity across the region. Residential consenting volumes have declined materially from recent highs, while non-residential consenting activity has reduced sharply over recent years. Non-residential building consents fell from 119 consents in 2020 to 50 consents in 2025, while residential consents declined from a peak of 278 consents in 2022 to 174 consents in 2025. These trends highlight the weakening construction pipeline currently facing the region and reinforce the importance of maintaining industry capability, workforce capacity and business continuity through periods of reduced activity³.
- 2.4 Over recent years, construction businesses were encouraged by successive Governments and long-term infrastructure signals to invest in people, capability, training, and capacity. Many

³ <https://infoshare.stats.govt.nz/ViewTable.aspx?pxID=71101c49-540f-4c81-9093-aa183b87245c>

firms scaled up accordingly. However, the sharp contraction in available work over the past 18 months has resulted in retrenchments, reduced investment and growing concern about the long-term retention of skilled tradespeople and apprentices in Marlborough.

- 2.5 Construction remains one of Marlborough's largest industries, contributing approximately \$238.6 million to the regional economy and accounting for around 6.3% of regional GDP⁴ for the year ended March 2025. Recent economic monitoring also shows the construction sector has already experienced notable job losses over the past year, reflecting the difficult trading conditions currently facing the region⁵.
- 2.6 The construction sector plays a critical role in supporting regional economies across New Zealand. In addition to direct employment, the sector supports apprenticeships, local suppliers, transport operators, manufacturers, professional services and wider community economic activity. New Zealand's construction sector includes more than 81,000 businesses nationwide, representing approximately 13% of all enterprises across the country⁶. In regions such as Marlborough, maintaining a sustainable construction pipeline is important not only for employment, but also for retaining long-term industry capability, supporting local business confidence and sustaining broader regional economic activity.
- 2.7 Research also demonstrates that downturns in construction activity disproportionately affect apprentices and new entrants into the workforce. Following the Global Financial Crisis, new entrants into the construction workforce declined by approximately 39%, highlighting the long-term workforce risks associated with prolonged reductions in construction activity⁷.
- 2.8 Once skilled workers, apprentices, and businesses leave smaller regional economies, these capability losses can be difficult to reverse. Maintaining a sustainable pipeline of work is therefore critical to supporting long-term workforce retention and economic resilience within Marlborough.
- 2.9 Against this backdrop, major infrastructure projects such as the Waitohi Ferry Redevelopment Project can help sustain employment, retain apprentices and skilled workers, and provide greater confidence for businesses to continue investing in workforce development and regional capability during a period of significant economic uncertainty.

3. Regional Economic Benefits of Local Participation

- 3.1 The Waitohi Ferry Redevelopment Project represents a significant opportunity to support regional economic resilience and maintain critical construction capability within Marlborough.
- 3.2 When local contractors, subcontractors, suppliers and trades are engaged on major infrastructure projects, the economic benefits extend well beyond the immediate construction activity. Revenue earned locally is more likely to remain within the region through wages, apprenticeships, local purchasing, business reinvestment and support for other local industries and services. Local firms are also more likely to utilise regional suppliers, professional services,

⁴ <https://regions.infometrics.co.nz/marlborough-district/economy/structure>.

⁵ <https://quarterly.infometrics.co.nz/marlborough-district>

⁶ <https://www.stats.govt.nz/news/building-new-zealand-focus-on-the-construction-industry/>

⁷ <https://www.sweetanalytics.co.nz/content/construction-workforce-demographics/>

insurers, transport providers, equipment suppliers and financial institutions, helping to support broader economic activity across the region.

- 3.3 This creates a multiplier effect that strengthens the wider regional economy and supports employment and business confidence during difficult economic conditions. Economic research consistently shows that infrastructure investment supports broader economic activity through employment, supplier demand, household spending and business reinvestment within regional economies⁸.
- 3.4 Retaining more project expenditure within Marlborough would help:
 - 3.4.1 support local employment and reduce further workforce losses;
 - 3.4.2 retain skilled tradespeople and apprentices in the region;
 - 3.4.3 maintain long-term construction capability and capacity within Marlborough;
 - 3.4.4 support local suppliers, manufacturers, and service businesses;
 - 3.4.5 strengthen business confidence during a difficult economic period; and
 - 3.4.6 improve the long-term economic return to the community from this significant infrastructure investment.
- 3.5 Early engagement with regional contractors and suppliers can also improve buildability, sequencing, risk management and project delivery outcomes by incorporating local knowledge and practical delivery expertise at an earlier stage of the project.
- 3.6 We also note there can be wider economic pressures associated with large projects that rely heavily on externally sourced labour. Significant inflows of temporary workforces can place additional pressure on accommodation availability, rental markets and workforce costs during peak construction periods. Large projects can also increase competition for skilled labour within regional labour markets, potentially placing additional strain on existing regional businesses and day-to-day construction activity during already difficult economic conditions.
- 3.7 Sustaining local businesses and workers through regional participation helps maintain stable employment, apprenticeships and long-term economic activity within Marlborough well beyond the life of the project itself. Local firms and workers also provide ongoing social and economic benefits to the region through continued community participation, school enrolments, local spending and sustained reinvestment within Marlborough.
- 3.8 We are not seeking preferential treatment for local businesses, nor any procurement approach that limits open competition. However, we believe there is strong public value in ensuring Marlborough suppliers and contractors are given fair visibility of opportunities and genuine ability to participate where they can demonstrate capability, capacity and value for money.

⁸ <https://www.treasury.govt.nz/sites/default/files/2024-05/pc-inq-is-case-study-construction-and-migration.pdf>

4. Procurement and Economic Benefit

- 4.1 In this context, we note that the Government Procurement Rules (particularly Rule 8⁹ relating to economic benefit and broader public outcomes) provide a useful framework for ensuring major infrastructure projects deliver wider long-term value alongside upfront cost considerations.
- 4.2 In our view, successful infrastructure procurement should seek to achieve the best long-term public value outcome rather than focusing solely on minimising upfront project cost. For infrastructure projects of this scale, value should include consideration of long-term economic resilience, workforce retention, regional capability, supply chain stability, apprenticeships and the wider economic return generated for the community.
- 4.3 Lowest upfront cost does not always represent the best long-term outcome for either the project or the wider regional economy.
- 4.4 Procurement settings on major government infrastructure projects can sometimes unintentionally create barriers for smaller and regionally based contractors, particularly where tender processes involve highly complex compliance requirements, extensive non-price attributes, significant financial assurance obligations, or disproportionate risk transfer provisions.
- 4.5 This can include extensive bonding requirements, liquidated damages provisions and complex contractual compliance obligations that may be disproportionate to the scale or risk profile of particular work packages. While such requirements may be appropriate for some aspects of large-scale infrastructure delivery, they can reduce participation from capable regional firms with the technical capability, local knowledge, workforce and delivery experience required.
- 4.6 We also support procurement approaches that allocate risk proportionately and to the parties best placed to manage it, as this supports better competition, more sustainable pricing and stronger project delivery outcomes. This principle is consistent with Master Builders' Good Contracting Principles and Guidance¹⁰, which promotes fair risk allocation, collaborative contracting practices and balanced commercial arrangements across the construction sector.
- 4.7 We believe there is value in procurement approaches that:
- 4.7.1 provide early visibility of upcoming opportunities to regional contractors and suppliers;
 - 4.7.2 engage with local industry early during project planning and delivery;
 - 4.7.3 package elements of work in ways that allow capable regional businesses to competitively participate where appropriate;
 - 4.7.4 apply procurement requirements proportionately to the scale and risk profile of individual work packages;

⁹<https://www.procurement.govt.nz/government-procurement-framework/government-procurement-rules/planning-your-procurement/economic-benefit-to-new-zealand/>

¹⁰ <https://www.masterbuilder.org.nz/assets/publicdocs/Good%20Contracting%20Principles%20and%20Guidance.pdf>

- 4.7.5 simplify procurement processes and compliance requirements where appropriate to reduce unnecessary transaction costs and improve participation from capable regional contractors and suppliers;
 - 4.7.6 encourage apprenticeship and workforce development outcomes during project delivery; and
 - 4.7.7 recognise the broader economic benefits associated with retaining capability, employment and investment within Marlborough.
- 4.8 We also note that local contractors often bring significant advantages through their understanding of local conditions, established supplier relationships, existing regional workforce presence, and long-term commitment to the Marlborough community.
- 4.9 Applying these principles does not require preferential treatment or limit open competition. Rather, it supports procurement processes that seek the best long-term public value outcomes for the region and New Zealand as a whole.

5. Long-Term Regional Outcomes

- 5.1 Master Builders supports the redevelopment and recognises its importance to the future of Picton and Marlborough. We encourage Council, Port Marlborough, Ferry Holdings Ltd, and project delivery partners to proceed in a way that maximises the long-term economic, workforce, and industry benefits this investment can deliver to the region while maintaining fair, transparent, and competitive procurement processes.
- 5.2 This project should leave a lasting legacy not only in infrastructure, but also in apprenticeships, employment, regional capability and long-term economic sustainability for the Marlborough community.
- 5.3 We thank Marlborough District Council for the opportunity to provide feedback on the Waitohi Ferry Redevelopment Project consultation and welcome further engagement as the project progresses.

Roger Townley
Marlborough Branch Vice President

Charlotte Knowles
Senior Strategy and Advocacy Advisor