



Registered Master Builders Association of New Zealand Incorporated

Submission on Fuel Response Priority Bands – Construction Sector

April 2026

The Registered Master Builders Association submission on Fuel Response Priority Bands – Construction Sector

The Registered Master Builders Association (Master Builders) welcomes the opportunity to submit to the Ministry of Business, Innovation and Employment (MBIE) on *Fuel Response Priority Bands – Construction Sector*.

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 for 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 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. Economic context and system importance

- 1.1 The building and construction sector is a critical component of New Zealand’s economy and national resilience, underpinning housing supply, infrastructure delivery and regional employment.
 - 1.1.1 The sector employs approximately 295,100 people (10.2% of the nationwide workforce)³.
 - 1.1.2 It comprises 81,249 businesses (13.2% of all enterprises)³.
 - 1.1.3 Construction contributes nearly 8% of GDP³.
- 1.2 This makes construction one of New Zealand’s largest and most economically significant sectors, with strong interdependencies across transport, manufacturing and professional services.
- 1.3 The sector is also central to addressing New Zealand’s:
 - 1.3.1 Housing supply shortfall is currently around 75,000⁴.
 - 1.3.2 Infrastructure deficit, including transport, water, schools and hospitals.
- 1.4 Any disruption to construction activity therefore has direct and compounding impacts across the economy and society.
- 1.5 The construction sector’s importance extends beyond direct activity to a wide ecosystem of suppliers, manufacturers and logistics providers. Disruption to construction demand has immediate flow-on effects across these interconnected industries, including reduced forward orders, workforce impacts and increased costs associated with restarting production and delivery pipelines.

2. Response to MBIE fuel prioritisation framework (Phase 3 & 4)

- 2.1 We acknowledge that under Phase 3 (Managed) and Phase 4 (Protected), MBIE proposed to prioritise fuel allocation across bands ranging from: Band A: life-preserving services, through to Band D: other commercial users and Band E: consumers.
- 2.2 We support the prioritisation of life-preserving services and critical supply chains.
- 2.3 However, we consider the current indicative framework understates the strategic importance of the construction sector, which is currently captured within “other commercial customers” (Band D).
- 2.4 Ensuring that commercial and residential construction activity can continue, as far as practicable, is essential to maintaining housing supply, infrastructure delivery and broader economic stability.

³ <https://www.stats.govt.nz/news/building-new-zealand-focus-on-the-construction-industry/>

⁴ ASB Infrastructure report April 2024

3. Why construction should be prioritised higher

A. Essential to housing and infrastructure delivery

3.1 Construction is not discretionary activity – it is the delivery mechanism for essential outcomes.

3.1.1 36,619 homes were consented in the year ending December 2025, reflecting ongoing demand pressures.

3.1.2 Infrastructure projects delivered by the sector underpin public services, economic productivity and community resilience.

3.2 Delays to construction directly:

3.2.1 Reduce housing supply

3.2.2 Delay infrastructure availability

3.2.3 Increase long-term costs to government and consumers.

B. Highly vulnerable to disruption (stop-start impacts)

3.3 Construction activity is particularly sensitive to fuel disruption due to its sequenced interdependent nature.

3.4 Stop- start conditions:

3.4.1 Disrupt subcontractor scheduling and supply chains

3.4.2 Create remobilisation costs and inefficiencies

3.4.3 Extend project timelines significantly

3.4.4 Increase financial pressure across the supply chain

3.4.5 Generate significant downstream impacts for suppliers and manufacturers, who must adjust production forecasts and absorb inefficiencies when demand is disrupted.

3.4.6 Require substantial time and cost to ramp back up to meet demand once restrictions ease.

3.5 Unlike many sectors, construction cannot easily pause and resume without material cost and productivity loss. Construction activity also requires time to safely pause. Immediate changes to operating conditions can result in avoidable physical damage to partially completed works (e.g. exposed or untreated materials), leading to rework, waste, and additional cost.

C. Contractual and legal exposure

3.6 Construction firms frequently operate under fixed-price or tightly scoped contracts.

3.7 Fuel-related disruption risks:

3.7.1 Triggering liquidated damages and delay penalties

3.7.2 Creating disputes over financial responsibility for delays

3.7.3 Leaving builders financially exposed for factors outside their control.

- 3.8 In many cases, there is limited or no ability to recover cost escalation, meaning that any increase in input costs or delays is largely absorbed within the sector.
- 3.9 This creates significant pressure on what are already slender margins, particularly in the vertical construction sector. Where projects are delayed due to fuel constraints, firms may face material cost overruns and loss-making positions, increasing the risk to business solvency.
- 3.10 These impacts can have broader consequences, including:
 - 3.10.1 Reduced employment and workforce retention and loss of industry capacity
 - 3.10.2 Increased reliance on external support mechanisms for workers, particularly for those on wages who may face reduced hours or job loss during prolonged disruption
 - 3.10.3 Compounding financial stress in a sector still recovering from the impacts of COVID-19.
- 3.11 This is particularly acute for Small-Medium Enterprises (SMEs), which make up the majority of the sector and have limited capacity to absorb shocks.

D. Workforce and capacity risk

- 3.12 It is projected that the sector already faces a projected shortfall of over 100,000 workers by 2027.
- 3.13 Disruption to project continuity risks:
 - 3.13.1 Workforce attrition
 - 3.13.2 Reduced pipeline certainty
 - 3.13.3 Loss of sector capability.
- 3.14 Once capacity is lost, it is difficult and slow to rebuild, compounding long-term delivery challenges.
- 3.15 The construction sector also faces significant workforce wellbeing challenges. Data from MATES in Construction indicates that suicide rates in the sector are significantly higher than the national average, reflecting ongoing pressures associated with job insecurity, financial strain, and cyclical work patterns.
- 3.16 Prolonged disruption, stop-start work, and reduced pipeline certainty risk exacerbating these challenges, placing further strain on workers and increasing the likelihood of workforce attrition at a time when the sector is already facing acute labour shortages.

E. Market confidence and pipeline impacts

- 3.17 Uncertainty around construction sector prioritisation risks undermining consumer and developer confidence.
- 3.18 Where project timelines, cost and the ability to proceed remain unclear:
 - 3.18.1 Projects may be delayed or cancelled entirely, rather than paused
 - 3.18.2 New project commencements may not proceed
 - 3.18.3 Media coverage and public perception may amplify these risks, further suppressing demand.

- 3.19 This has the potential to significantly constrain the construction pipeline over an extended period, with impacts lasting well beyond the immediate disruption.
- 3.20 Reduced pipeline certainty will:
 - 3.20.1 Limit hiring and investment
 - 3.20.2 Stall emerging recovery (green shoots)
 - 3.20.3 Risk prolonged downturn conditions, particularly when combined with broader economic cycles (e.g. election-related slowdowns and seasonal effects).

4. Recommended approach to prioritisation

4.1 We recognise that difficult trade-offs are required in severe fuel disruption scenarios and we support a principles and evidence-based approach.

4.2 However, given the sectors:

- 4.2.1 Economic scale
- 4.2.2 Role in delivering essential housing and infrastructure
- 4.2.3 High sensitivity to disruption.

4.3 We recommend that MBIE:

Option 1 (Preferred)

4.3.1 Recognise construction as an “economically critical service” and include it within Band B or Band C, particularly for:

- 4.3.1.1 Active housing developments
- 4.3.1.2 Critical infrastructure projects
- 4.3.1.3 Time-sensitive construction activities.

Option 2 (Minimum)

4.3.2 Where full prioritisation is not feasible, provide:

- 4.3.2.1 Targeted prioritisation for critical projects
- 4.3.2.2 Clear criteria for eligibility
- 4.3.2.3 Mechanisms to ensure continuity of key construction activities.

4.3.3 We recommend that MBIE provide sufficient lead-in time before restrictions are applied to construction activity, allowing sites to be safely secured and works paused at appropriate stages to minimise damage, waste and financial loss.

5. Construction engagement

5.1 Master Builders acknowledge MBIE’s point that restrictions must be proportionate and based on clear evidence of supply constraints and that premature intervention can create unintended consequences.

5.2 We support:

- 5.2.1 A staged, evidence-based response
- 5.2.2 Ongoing engagement with industry
- 5.2.3 Flexibility to adapt settings as conditions evolve.

- 5.3 We are committed to working constructively with MBIE to ensure the framework:
 - 5.3.1 Reflects real-world operational impacts
 - 5.3.2 Minimises unintended economic disruption
 - 5.3.3 Supports continuity of nationally important activity.

6. Conclusion

- 6.1 In conclusion, while Master Builders supports the overall structure of the Fuel Response Plan, we consider that:
 - 6.1.1 The construction sector should be recognised as a strategically important sector and prioritised accordingly within Phase 3 and Phase 4 fuel allocation frameworks.
- 6.2 Ensuring that commercial and residential construction activity can continue, as far as practicable, is critical to maintaining housing supply, infrastructure delivery and broader economic stability.
- 6.3 Failure to do so risks:
 - 6.3.1 Delays to housing and infrastructure delivery
 - 6.3.2 Increased project cost and contractual disputes
 - 6.3.3 Significant financial pressure on already slender margins, increasing the risk of business insolvency across the sector
 - 6.3.4 Loss of workforce and sector capability
 - 6.3.5 Broader economic and social impacts.
- 6.4 We thank you for the opportunity to provide feedback on the proposed fuel response priority bands. We welcome further engagement with MBIE officials and are keen to contribute practical insights from our members as the framework is developed.

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