

**To:** Education and Workforce Committee  
[ew@parliament.govt.nz](mailto:ew@parliament.govt.nz)  
**From:** Civil Contractors New Zealand Incorporated  
**Subject:** Education and Training (Vocational Education and Training System) Amendment Bill  
**Date:** 18 June 2025

## 1. Introduction

- 1.1 Thank you for the opportunity to make a submission on the *Education and Training (Vocational Education and Training System) Amendment Bill*.
- 1.2 CCNZ wishes to appear before the Select Committee to present our submission.
- 1.3 CCNZ supports the submission by Business NZ, except for their comments regarding industry levies.

## 2. About Civil Contractors New Zealand

- 2.1 Founded in 1944, Civil Contractors New Zealand is an industry association representing the interests and aspirations of more than 800 member organisations, including more than 500 large, medium-sized, and small businesses in civil engineering, construction, and general contracting. Our 300 associate members provide valuable products, support, and services to contractor members. We live and work in all communities across New Zealand.
- 2.2 Our members play a vital role in the development of our country, our economy, and our way of life. They physically construct and maintain the roads connecting our cities and towns; they install and care for the water networks that bring fresh water to houses and wastewater to treatment plants; they install the cables that bring the internet to homes and businesses. These are services a modern and developed economy must have to compete efficiently in world markets and to deliver high living standards for all New Zealanders.
- 2.3 The broad civil construction industry employs more than 60,000 people and undertakes infrastructure construction and maintenance projects worth more than \$12b annually. More specifically, our organisation represents the contractors who carry out the physical construction works on country's roading, rail, port, and public transport networks.
- 2.4 Vocational education and training is critical for the civil construction industry, yet the bulk of our workforce training is delivered on the job, and there are few pathways for new workers to develop vocational civil trade skills in a way that connects with industry at present.
- 2.5 In our annual [Construction Industry Survey](#) members have in recent years noted a shortage of skilled workers entering the industry as the biggest challenge the industry faces. Accordingly, the civil construction industry has worked hard to map out and

understand its needs, as presented in the [Developing a Skilled Civil Construction Workforce report](#) (2022).

### 3. Summary of recommendations

#### 3.1 We recommend that:

- *Funding be substantially increased to ensure that we can develop our future workforce to meet infrastructure delivery needs (para 4.5).*
- *The purpose and functions of the new entities and how they will strategically drive improvements in workforce capability is clearly articulated to industry (para 5.4).*
- *The gaps in data and critical information to make informed decisions is immediately rectified (para 6.3).*
- *The draft legislation be substantially rewritten to reflect industry leadership rather than agency leadership (para 7.4).*
- *The Bill should include a provision for an ISB to provide advice to TEC on its overall investment and the mix of vocational education and training needed (s411 and s367(1)); and a requirement for TEC to give effect to this advice or to provide reasons why they cannot give effect to it (para 8.4).*
- *The Bill includes a specific role for ISBs in informing career pathways, and for TEC to be required to seek ISBs advice and input when performing its Careers Advisory function (para 8.6).*
- *The Bill includes specific reference to the ISBs role in providing advice and information into wider government on relevant matters (para 8.8).*
- *The Bill require ISBs to establish and maintain sufficient strategic reference groups to inform their functions and ensure that the industry voice is at the heart of decision-making (para 9.2).*
- *The Bill removes the requirement for ISBs to include Ministerial appointments (para 9.5).*
- *The section of the Bill preventing an ISB from enrolling learners where other provision is available be removed (para 10.5).*
- *The Bill allows a broader definition of “successor organisation” to avoid the need for a WBL to go into an ISB first (para 10.10).*
- *WBLs can be transferred directly to new and existing successor organisations before 1 Jan 2026 if appropriate conditions are met (para 10.14).*
- *The section of the Bill requiring an ISB to set learner fees for WBLs through secondary legislation be removed (para 10.15).*
- *Clause 155 (1) to (3) should be deleted (para 11.3).*
- *The Bill is amended to ensure that the responsibilities, relationships and lines of accountability for TEC, NZQA and ISBs are clarified (para 12.4).*
- *The Select Committee require the government to consult with industry on funding to provide a clear strategy for the long-term, sustainable funding and promotion of work-based learning, and vocational education (para 13.10).*
- *Employment obligations and liabilities, and any legal proceedings, only transfer to successor organisations if they are accompanied by sufficient funding to meet those obligations (para 14.5).*
- *Where consultation is necessary for the smooth transition from WDCs and WBLs, to ISBs and PTEs, industry should be included as part of that consultation (para 15.2)*

- ***The balance of cash reserves contributed by employers follow Connexis, and that all intellectual property introduced by Connexis when it joined Te Pūkenga, and any intellectual property developed by Connexis while a WBL, is retained by Connexis (para 16.5).***

#### 4. Consultation

- 4.1 This has been a particularly frustrating reform process. Throughout the process, no one has been able to articulate the problem that they are trying to solve. We have consistently heard that the structures arising from the RoVE reforms were not delivering for industry, and that the cost of the structure was unreasonable and prohibitive. In our view, neither statement is correct.
- 4.2 In the case of the civil construction sector, with our Workforce Development Council, Waihangā Ara Rau, we finally had a structure that enabled us to work in partnership, collectively committed to a clear strategy with industry having a true influence. We opposed any change to this structure. We do agree that Te Pūkenga has been a hand brake to efficiency, stifling innovation and creativity within its Work Based Learning Divisions.
- 4.3 For the civil construction sector, employers have by far borne the cost of our vocational education and training, with practically all training done on site (not in a classroom), using employer trainers and resources. Workforce Development Councils and Te Pūkenga were underfunded from day one i.e., they were set up to fail.
- 4.4 We are deeply concerned the further reduction in funding proposed places our ability to train our future workforce at risk. It is imperative that the government component of vocational education and training contemplated by these reforms is substantially increased. It is unconscionable to think that our ability to build the skilled and reliable workforce that we need to deliver the government's ambitious infrastructure programme could be so seriously threatened by the government's own austerity measures.
- 4.5 A recent Treasury report which examined the funding settings for the vocational education and training system has raised concerns that the proposed changes do not consider the needs of learners and employers. We share that concern.
- 4.5 *We recommend that funding be substantially increased to ensure that we can develop our future workforce to meet infrastructure delivery needs.***

#### 5. System design

- 5.1 The proposed system has been driven entirely by a compliance-oriented focus on funding, qualifications, and “bums on seats”, rather than delivering learning experiences that will effectively transition learners into employment or further training. This undermines the effectiveness of vocational education as a pipeline for skills development and limits its value to both learners and employers.
- 5.2 The Bill demonstrates a structural shift in the vocational education system, but it lacks clarity about the purpose and functions of the new entities and how it is expected that they will strategically drive improvements in workforce capability. The new model must be clear and developed in partnership with the sectors it is meant to serve.

5.3 These reforms risk losing successful work-based learning initiatives, training programmes and industry connection to qualifications, particularly given the scale of change and the lack of implementation detail. Lifting technical competency in the delivery of training and the requirements of qualifications will lift business confidence in the vocational system. Businesses must be able to choose the training provision that best meets the needs of its workforce and the organisation. There will need to be a quantum shift from both ISB's and PTEs to show responsiveness to industry need and offer globally innovative and competitive programmes.

5.4 ***We recommend that the purpose and functions of the new entities and how they will strategically drive improvements in workforce capability is clearly articulated to industry.***

## 6. Lack of meaningful information and data

6.1 The consultation on changes to vocational education and training lacks the extensive information industry needs to make effective decisions. If I was to place a business case in front of my Board that lacked this detail, it would be rejected without consideration.

6.2 This lack of information includes no information being provided on the terms upon which a WBL might transition to a PTE; how funding will be allocated across ISBs and PTEs; how many PTEs will attract funding; how the WBLs have historically performed fiscally. There is no network of provision and enrolment data publicly available to inform industry of what is currently being trained, where, and by who.

6.3 ***We recommend that the gaps in data and critical information to make informed decisions is immediately rectified.***

## 7. Industry leadership

7.1 The reform process has always been on the basis that the resulting outcomes will be industry led. We strongly support that principle. This was reaffirmed in a recent conversation with the Minister where she noted that TEC will play only a support and administrative role post-transition, and nothing more.

7.2 However, the legislation as drafted clearly anticipates that TEC will continue to exert control. Practically every key decision vests with TEC or NZQA rather than industry – who is included in an Infrastructure ISB, who governs the ISB, how industries can set up PTEs, ISB and PTE structures roles and people, ISBs needing to seek written TEC permission to enrol learners in WBLs, and the like. This is not industry leadership. Our expectation is this must change if we are to proceed with implementing the reform outcomes. Industry will not support a structure which inhibits its ability to act in the best interests of its learners, employers, and the industry as a whole.

7.3 The Bill will not enable the extent of change needed to lift skill standards across the workforce. Key power and authority remain within government agencies, leaving industry little opportunity to influence outcomes in any meaningful way. Nothing points to a new expectation that the sector will be more responsive and adaptive to rapidly evolving skill needs. Globally, the leading vocational education and training systems are 'industry led, and government enabled'.



**7.4     *We recommend that the draft legislation be substantially rewritten to reflect industry leadership rather than agency leadership.***

**8.   Industry Skills Boards functions**

8.1     One intention of the reforms is to expand the ISBs role in advising TEC and other parts of government engaged in workforce and labour market strategy, policy and investment.

8.2     However, whether intentional or not, the Bill actually narrows the scope of the ISBs role in providing advice to TEC compared to the role of Workforce Development Councils. It removes any obligation for TEC to act on ISB advice or to respond to it, meaning TEC can ignore this advice.

8.3     It is industry who has the biggest stake in TEC's investment in vocational education, and therefore industry must be able to advise TEC on both the mix of training provided and the investment strategy and approach that is needed to support a sustainable, innovative and future-focused network. Industry is in the best place to make this determination, and, to deliver better outcomes. TEC should be required to listen to and act upon ISB advice.

**8.4     *We recommend that the Bill should include a provision for an ISB to provide advice to TEC on its overall investment and the mix of vocational education and training needed (s411 and s367(1)); and a requirement for TEC to give effect to this advice or to provide reasons why they cannot give effect to it.***

8.5     The Bill does not include a role for ISBs in providing career pathway advice or guidance. It is industry who has the largest stake in career advice and promotion, and ISBs should have a formal role in supporting the credibility and accuracy of TEC's Careers function via a clear link to industry.

**8.6     *We recommend that the Bill include a specific role for ISBs in informing career pathways, and for TEC to be required to seek ISBs advice and input when performing its Careers Advisory function.***

8.7     The Bill positions ISBs as "industry-led" organisations, responsible for strategic workforce analysis and planning. However, it limits how ISBs can use this information. ISBs, and their connection to industry, offer a mechanism to advise and inform other parts of government with an interest in skills, career pathways, workforce development and labour market outcomes (for example MoE, MSD, MBIE, NZTA, Worksafe, Statistics NZ). From an industry perspective, we have found the co-ordinated stakeholder groups operated by our workforce development council to be insightful and supportive for industry, and this function would enable connected industry engagement.

**8.8     *We recommend that the Bill includes specific reference to the ISBs role in providing advice and information into wider government on relevant matters.***

**9.   Industry Skills Boards Governance**

9.1     The Bill seeks to achieve industry-led industry skills boards. One of the successful features of the WDC model has been the establishment of Strategic Reference Groups, providing strategic and tactical advice to support the WDCs to achieve their intended outcomes. However, as currently designed, ISBs will be independent from

the delivery of qualifications, and therefore lack a direct connection to employers and learners. Our experience shows that for the ISBs to succeed, this 'industry voice' and engagement must be embedded in their design.

**9.2     *We recommend that the Bill require ISBs to establish and maintain sufficient strategic reference groups to inform their functions and ensure that the industry voice is at the heart of decision-making.***

9.3     We question the involvement of Ministerial appointments in ISB governance, adding further cost and complexity and again diluting the principle of industry led.

9.4     Given ISB reporting requirements, and oversight from NZQA and TEC, there are already restrictions on the functions and activities that ISBs can undertake which allow the Minister to direct and influence ISB activities.

**9.5     *We recommend that the Bill remove the requirement for ISBs to include Ministerial appointments.***

## **10. Transition of Work-based Learning Divisions**

10.1    The Bill provides for current Te Pūkenga work-based learning divisions to be transitioned to industry-owned PTEs. However, there is little detail about how this can happen, and what little process is described in the Bill is cumbersome and fraught with risk for industry.

10.2    The Bill assumes that a WBL will first be transitioned into an ISB at 1 January 2026. It will remain in that transitional arrangement for a maximum of two years, during which it could be broken up or wound down.

10.3    The Bill requires the ISB to seek written permission from TEC to enrol learners into WBLs. If other PTEs offer similar courses, the WBL will not be able to enrol new learners. This situation is not tenable to the civil construction industry and directly risks our ability to train our workers with least disruption.

10.4    Restricting the ability for a WBL to enrol learners without having any clarity about the future state is unworkable. It has been included in the Bill without industry consultation and introduces unnecessary risk and complexity.

**10.5    *We recommend that the section of the Bill preventing an ISB from enrolling learners where other provision is available be removed.***

10.6    The civil construction sector has already advised its intention to take on Connexis, our former Te Pūkenga WBL, as an infrastructure PTE. There is no appetite to make this a two-step process and risk severe disruption to our learners.

10.7    Connexis operates as a standalone division. It has its own organisation structure, senior leadership team, learner management systems, policies, procedures and financial reporting. It is financially viable, supporting critical training to Infrastructure industries.

10.8    Our reading of the Bill is that if the new WBL PTE entity will only be offering training activities, then those activities must go to an ISB first - the ISB is the successor organisation in that case.

- 10.9 The Bill does not appear to contemplate moving a current WBL directly into an industry owned entity.
- 10.10 ***We recommend that the Bill allows a broader definition of “successor organisation” to avoid the need for a WBL to go into an ISB first.*** This is the civil construction sector preference, and we are already well advanced in planning for this.
- 10.11 The transition to an ISB and to private PTEs must be simple and seamless. Current indications are that to establish industry-led PTEs, industry will have to go through the same costly and complex process required to establish any new PTE. This is a poor and inefficient process, which does not recognise the strength and credibility already established with the WBLs. They are being treated as if they are a new entity with no historic track record.
- 10.12 The Bill should provide for a more specific and supportive process for WBLs to transition to PTEs that recognises what TEC and NZQA already know about their quality, capacity and viability.
- 10.13 Industry has consistently raised concerns about the threat of ongoing disruption to industry engagement with work-based learning. It is entirely appropriate, therefore, that where certain conditions are clearly met, the process for WBLs to become one or more PTEs should be fast-tracked.
- 10.14 ***We recommend that WBLs can be transferred directly to new and existing successor organisations before 1 Jan 2026 if appropriate conditions are met.***
- 10.15 The Bill requires that an ISB should set learner fees for WBLs through secondary legislation. This is a requirement that is not imposed on any other training provider. ***We recommend that this section of the Bill be removed.***

## **11. Enrolment of new trainees in training activities (S155)**

- 11.1 The Governments express intent is for industry to have responsibility and control over which entities deliver work-based training. The Cabinet paper clearly outlines that the transition plan for Work-Based Learning divisions of NZIST into an ISB is to allow an industry-led process, as opposed to a Crown-led process.
- 11.2 The current clause 155 is entirely Crown led. This is inconsistent with the intent of the Cabinet paper.
- 11.3 ***We recommend that Clause 155 (1) to (3) should be deleted.***

## **12. Roles of NZQA and TEC**

- 12.1 The current reforms to the vocational education system are theoretically designed to improve learner outcomes. For such a significant reform process to succeed, the entire system should be subject to review. However, the reforms do not address the systemic issues and failures that add cost, complexity and inefficiency to the system without any commensurate improvement in quality or outcomes.
- 12.2 As stated previously the reforms purport to result in an “industry led government enabled” system, but little will change given that the existing power and authority of TEC and NZQA will remain unchanged.

- 12.3 Given the extent of the reforms, we have an opportunity to review whether TEC and NZQA remain fit for purpose (we believe that they don't), and that their respective roles, responsibilities and performance be reviewed and clarified. It is arguable whether TEC should have any role in work-based learning.
- 12.4 ***We recommend that the Bill is amended to ensure that the responsibilities, relationships and lines of accountability for TEC, NZQA and ISBs are clarified.*** This will provide industry with confidence that the system is working effectively to lift the quality and relevance of vocational education.

### 13. Industry levies

- 13.1 The Bill proposes that industry levies be used to fund vocational education. We are strongly opposed to this. Neither do we support the recommendations of the ConCOVE latest report [Share your view: Funding of vocational education for the construction and infrastructure sector - ConCOVE Tūhura](#), that recommends levies.
- 13.2 The suggestion to force levies on employers shows a lack of understanding of how our industry training is delivered. Most civil vocational training is delivered in work on the job, using employer trainers, often employer developed resources, and employer owned premises and equipment. Employers pay to develop and deliver this training, as well as paying for the qualifications undertaken by their employees. By far the greatest proportion of cost already falls on the employer. and the costs of on-job training and education are often unsupported and unrecognised by government.
- 13.3 The government (central and local) has an ambitious planned infrastructure investment programme. But government does not fund trades training programmes for infrastructure, provides limited funding for infrastructure trade qualifications, provides no pathways to join the infrastructure workforce from the education system, and provides very little funding or support for infrastructure construction apprenticeships or training. This is a key reason New Zealand is very reliant on immigration to meet its workforce needs. With the current lack of work across the infrastructure sectors, businesses have had to downsize (staff, equipment, technology development) to survive. As things stand today, we do not have the capability and capacity to deliver the programme if it comes to market at scale. Training our domestic workforce, and opening our immigration pathway, will be more critical that it has been for decades.
- 13.4 Given the current economic challenges, and the critical role infrastructure will play in achieving New Zealand's growth and productivity goals, increased government funding is appropriate and essential.
- 13.5 Industry employers will not accept compulsory levies when they already pay the majority of the costs. Charging levies for vocational education also creates inequity for vocational learners when compared to how other forms of higher education are funded and delivered. University or polytechnics, for example, don't levy industry to fund their function of delivering graduates. It is unclear why industries would wish to fund or accept being levied for a system that neither they nor their learners are receiving benefit from.
- 13.6 It is disturbing that consultation on funding vocational education, including the concept of industry levies, has been practically non-existent. We were advised that



there would be a specific consultation round focussed on funding, but that hasn't eventuated.

- 13.7 The success of levies being imposed internationally is questionable. Following the UK introducing a training levy in 2017, overall apprenticeship numbers have sharply fallen, particularly for young people. With those jurisdictions held in high regard (Germany for example), the system works because the direct cost to employers is lower, with apprentices able to start work on 60% of their minimum wage. That is not the situation in New Zealand.
- 13.8 In Switzerland, the vocational education system is administered by industry associations and has strong industry buy-in due to high value for money returns for the companies and being embedded culturally in the way of doing business.
- 13.9 The overall budget for ISBs will be significantly lower than what WDCs received, while the range of functions and expectations has not reduced by the same proportion. Opportunities for additional funding will most likely come with additional compliance and reporting requirements and therefore additional cost. Complexities remain regarding the implementation of levies, and the details provided are limited.
- 13.10 *We recommend that the Select Committee require the government to consult with industry on funding to provide a clear strategy for the long-term, sustainable funding and promotion of work-based learning, and vocational education.***

#### **14. Transfer of employees**

- 14.1 The vocational education and training sector has been in a constant state of change for over six years, subject to changes focussed on political ideology or austerity rather than what is best for learners, employers, and industry. What the staff at Waihangā Ara Rau and Connexis have experienced over the last couple of years is simply unacceptable and unnecessary. Now, faced with needing to resource the ISBs and PTEs, we instead face a loss of talent and knowledge that is often irreplaceable. That has immediately raised the risk levels.
- 14.2 Having said that, the terms of transferring staff from existing entities (Waihangā Ara Rau and Connexis) to new entities (Infrastructure ISB and Infrastructure PTE) are not acceptable. In the Bill, the "rights, duties, liabilities, and obligations" for transferring staff will vest with the successor organisation.
- 14.3 The Bill also provides that any legal proceedings that have been continued or enforced against a WDC may be continued or enforced against a successor ISB (clause 171).
- 14.4 We do not agree with either assumption. Our position is that, while the transfer of staff to new entities should be treated as if it was continuous employment, any obligations or liabilities (holiday pay for example) should be funded from the former entities to the successor entities. And any proceedings, if they were to transfer, should be accompanied by sufficient funding to meet any costs or penalties arising from those proceedings. These new entities are being treated as start-up organisations, and start-ups begin their organisational lives with no liabilities.

- 14.5** *We recommend that employment obligations and liabilities, and any legal proceedings, only transfer to successor organisations if they are accompanied by sufficient funding to meet those obligations.*

## **15. Duty for the Minister to consult**

- 15.1 Clause 167 of the Bill requires the Minister to consult with TEC, NZQA and the WDC regarding the allocation and transfer of functions to an ISB. Nowhere is industry mentioned, which again undermines industry leadership and keeps the conversation limited to TEC and the Minister. The Minister has provided direction that this reform is led by industry. For this occur, genuine engagement must start.

- 15.2** *We recommend that where consultation is necessary for the smooth transition from WDCs and WBLs, to ISBs and PTEs, industry should be included as part of that consultation.*

## **16. Cash reserves and intellectual property held by WBL Connexis**

- 16.1 As noted previously, the Infrastructure ISB is looking to transition Connexis from being a Te Pukenga WBL to an Infrastructure PTE. To do so, there needs to be sufficient capital to support this transition (as if it were a startup), and its intellectual property must be protected.
- 16.2 We understand that Connexis currently has around \$50m in cash reserves. Approximately 30% of this amount, or \$15m, was contributed by our employers with the express intent that it be reinvested in programmes for the infrastructure industry. The balance of approximately 70% was contributed via unified funding.
- 16.3 Industry has paid to develop qualifications and programmes directly, with the first civil infrastructure apprenticeships directly funded by a single large New Zealand civil construction business. It is therefore appropriate that funds directly contributed by industry are returned to their industry education providers, in this instance Connexis. Our expectation is that the 30% employer contribution will be retained by Connexis, while the 70% contributed by unified funding will be retained by Te Pukenga.
- 16.4 Our expectation also is that the intellectual property held by Connexis will be retained by and transfer with Connexis. Under the industry led model, industry will then decide which PTEs it wants to work with and how (if at all) it shares any intellectual property with those.
- 16.5** *We recommend that the balance of cash reserves contributed by employers follow Connexis, and that all intellectual property introduced by Connexis when it joined Te Pukenga, and any intellectual property developed by Connexis while a WBL, is retained by Connexis.*

## **17. Conclusion**

- 17.1 We remain of the view that the vocational educational system proposed in the Bill is unworkable in its current form. This is not an industry led outcome, relying instead on TEC and NZQA continuing to hold “all the cards” through the proposed decision-making roles and responsibilities.

- 17.2 The lack of industry leadership, burdensome transfer of risk and liability, and substantial reduction in government vocational education and training funding, means that the new structure will be starting under an umbrella of maximum uncertainty and risk. This is not how such significant reforms should be implemented.
- 17.3 Industry will not continue to invest in a system where risk outweighs rewards, and it is increasingly difficult to navigate. The ultimate risk is that this system change, if not done well and with industry leadership and connection to real-world work, risks the collapse of the NZ qualification framework, forcing employers to bring this training entirely inhouse. Our learners would suffer, and our ability to deliver consistently high-quality infrastructure training would be severely compromised.
- 17.4 Industry is prepared to do its part to ensure the success of the reforms, but it cannot do so under the framework contemplated in the draft Bill.
- 17.5 Thank you for the opportunity to make this submission.



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