

To: ConCOVE – Tuhura
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From: Civil Contractors New Zealand Incorporated
Subject: Funding of vocational education for the construction and infrastructure sector
Date: 27 June 2025

1. Introduction

Thank you for the opportunity to make a submission on the discussion paper for the funding of vocational education for the construction and infrastructure sector.

2. About Civil Contractors New Zealand

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.

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.

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.

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.

The industry employs a range of people with different training requirements, from skilled hands-on tradespeople and engineers to corporate managers.

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).

3.0 Change Proposals

Change 1: Take a people centred approach

CCNZ fundamentally disagrees with this proposal. What is missing are clearly defined pathways into and across the industries.

We would need to see far more definition about who or what 'navigators' are and believe that the pathways need to be described before standing up a system that appears to rely on individuals. Without this structure in place first then the apprenticeship pathway could be further destabilised.

Managed apprenticeships are already working well and have wide support by industry through training and apprenticeship trusts. Rather than levying all of industry and potentially providing no value for learners or employers, education should support managed apprenticeships (which can be supplemented with training trusts and employer funding), and delivering fit for purpose, employer-endorsed training programmes.

Change 2: Devolved decision making

CCNZ largely agrees. For this to work well the connection between industry advice and the advice that ISB's provide, both to funders and delivers needs to be clear.

We also consider there needs to be more emphasis on the connection to work-based learning. The proposal as it currently stands appear to have more of a bricks and mortar focus and does not recognise the employer is the trainer, particularly in infrastructure.

Change 3: Strengthening the investment approach

CCNZ does support increased longer-term investment, however, this proposal is very focussed on 'high-performing TEO's. Our concern with this approach is work-based learning appears to be excluded. As such we do not fully support this proposed change.

Training in the infrastructure sector is delivered by non-PTE trainers, including employers and this does need to be recognised and funded. This propels does appear to take a pre-employment focussed, course-based directive.

The paper misses the point that a lot of fit for purpose training programmes are delivered outside of the education sector, solely as employer-funded training.

Change 4: Increase work-based learner fees

CCNZ does not support this approach. Employers already pay for the training and develop extensive systems to train people to improve their capabilities, at their own cost. The people being trained are already in work. This funding mostly does not go towards training and delivery of capability, but instead to recognise people's skills through qualifications.

Charging more for “student services” again penalises an employer who for infrastructure is largely the trainer as well. Increasing course-based fees has the potential to further limit enrolments into training programmes, especially at the apprenticeship level which is critical for infrastructure. Fees should be based on the cost of delivery and the value learners and businesses obtain from the courses or qualifications delivered.

While work based learners could be eligible for the student loan scheme this may also mean that some employers choose not fund training at all, instead putting this responsibility on the employee who has already been employed to do the job.

An employee could have significant other financial demands placed on them outside of their employment. Increasing individual debt levels for learning required while in work pushes the training and financial risk onto the employee. This could result in less training, or people leaving the industry if they have to pay themselves to qualify while they are already in it.

These proposals would put the cost back on the learner, which is not how the work-based learning model works in the industry where the training and qualifications are mostly funded by the employer, regardless of connection to the education system.

While we can see what these additional fees might be used for in the discussion paper, particularly in regard to literacy and numeracy, these should not have to be funded for ‘repair’ in the workplace. There are already schemes in place to support this and our recommendation is these are better funded and accessed. Additionally, literacy and numeracy issues must be addressed through the school system before they become an issue in the workplace.

CCNZ also considers that everyone should be able to access learning and education and does not support the wider industry funding initiatives that in particular may support one group over another.

Change 5: Introduce industry training levies

CCNZ strongly opposes any form on industry levy for vocational education. We have been particularly clear about this in our recent submission to the Vocational Education Amendment Bill. The suggestion to force levies on employers shows a lack of understanding of how our industry training is delivered.

Most civil construction vocational training is delivered in work on the job, using employer trainers, often employer developed resources, and employer owned premises and equipment. Trade qualifications are often seen by industry as recognition a person is capable and competent, rather than a pre-requisite before a person joins the workforce. Many civil construction employers develop their tradespeople to gain engineering qualifications on the job, as well as taking on graduate engineers, who also develop on the job.

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.

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, do not 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.

The current economic challenges and boom bust cycle in infrastructure funding in New Zealand means training is already inconsistent in the sector. We contend that increased government funding is required and essential to support New Zealand's growth and productivity goals. Industry employers will not accept compulsory levies when they already pay the majority of the costs.

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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. There are also clear pathways from education to employment. That is not the situation in New Zealand.

General Comments:

Misalignment of incentives – agree.

This is a challenge and should be resolved. Education and industry need to support quality outcomes for learning and not focus on enrolments.

However, CCNZ considers the discussion paper misinterprets employer investment in training as 'investment in outside courses or pre-employment training.'

The paper does not differentiate between training and qualifications or recognise that the main investment employers make is developing in-house training programmes for work-based learning, which should in turn be recognised with aligned qualifications.

Education policy has its own language, and many policymakers are not good at reducing and jargon and making this accessible for employers through open consultation, which greatly reduces the ability for employers to participate.

Page 12 of the paper notes current programmes in place (for instance Te Puni Kokiri and Ministry of Social Development) and seeks to centrally control these under education.

These programmes are outcomes specific, and not actually part of the education sector. There are outcomes from these programmes which should look to learn from and adopt the standout achievements.

Instead of looking to control and supersede these programmes, as the paper seems to suggest, education should instead look to replicate their success to deliver fit-for-purpose, employer endorsed training in genuine partnership with industry, rather than continue with its current detached approach.



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