

NZCIC submission on 2025 Work-based learning reforms

About NZCIC

NZCIC is a not-for-profit industry association of associations in the building and construction, design and property sectors. It is the collaborative voice of the construction industry in New Zealand and operates at the interface between government (central and local) and industry. NZCIC members are also not-for-profit organisations and peak bodies for professions involved in the delivery of our built environment – designers, and specifiers (architects, engineers, designers etc.) contractors and suppliers (manufacturers, distributors, contractors, builders, sub-contractors etc.) and a range of other building professionals (in the areas of compliance, research, surveying, and development).

Introduction

NZCIC is making this submission on behalf of its members. We acknowledge that our members have a range of views on this issue. This is not a summary of our members' concerns and does not claim to be representative of all of them; however, this submission reflects the general tenor of the concerns raised by our members and, through them, the wider construction industry.

The construction sector

The construction sector is a key contributor to the New Zealand economy:

- **Significant Economic Contribution:** The construction sector accounted for 6.2% of New Zealand's real GDP in the year ended March 2024.
- **High Economic Value:** In 2024, the sector contributed over \$17 billion to the economy in wages and salaries; suppliers to the industry received \$70 billion in sales; and the total industry turnover was \$99.4 billion.
- **Major Employer:** Directly and indirectly employs 576,000 people, making up 20% of the total workforce (StatsNZ August 2024).
- **Critical to National Growth:** A key driver of economic development and job creation across the country.

The scale of the sector and its proportion of the economy is reflected in its presence in education and training – the majority of which is in the vocational education space, particularly through apprenticeships. The changes to work-based learning will affect more people – learners, employers and businesses – than any other single sector. For this reason it is essential that the voice of the construction sector is heard. NZCIC, through its member organisations, represents 70% of the sector and this submission is the work of our members; their voice is our voice.

The construction sector is comprised of two sub-groups:

- **Residential:** The largest by construction value, represented by traditional SME-sized builders doing bespoke single homes and renovations, and Group Home builders who construct common designs at scale; and
- **Commercial:** Large-scale construction, from office blocks to hospitals. This is a significant part of the sector and the government itself is the largest single procurer of commercial construction services.

Within both sub-groups, the builder acts as the main contractor and they are supported by a range of sub-contractors performing many other roles – often as much as 80% of the value of a project. It is these sub-contractors, operating in sub-sectors, in (often niche) specialist areas, with specialist skills (requiring specialist training) who are doing a significant amount of the work in the construction sector, at every scale. Both main and sub-contractors are dependent on a well-functioning vocational training system that delivers job-ready graduates.

These sub-sectors and niche trades are vulnerable to changes in the training system and risk being fragmented further in a disaggregated regional structure. All parts of the sector, at every scale, need

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qualified, trained workers, including those sub-sectors that, because of their size, might not have had sufficient engagement or visibility. A strong vocational education system should surface these industries and give them the visibility they deserve.

NZCIC advocates for a nationally managed system that facilitates collaboration between trades including those that are smaller to ensure a broad base of skilled professionals across the sector. Under the **Collaborative Model**, with training regionalised, a small specialist trade would struggle to get their training needs met. The **Independent Model** would allow a national provider to manage national provision at any scale, including those smaller specialist trades.

It is our clear view that the **Independent Model** is the best option to achieve this for niche trades.

Consultation Questions

1. Which of the two models – Independent or Collaborative work-based learning - does your organisation prefer?

NZCIC and the majority of its members support the **Independent Work-Based Learning Model**, while acknowledging that some industries may find the **Collaborative Model** better suited to their specific training structures and needs (and are likely to make their own submissions).

Industry Leadership

The **Independent Work-Based Learning Model** restores industry ownership and leadership in apprentice training, ensuring high-quality workforce outcomes. The construction sector has a long-standing tradition of industry-led, not-for-profit workplace training, deeply integrated into business operations. The **Independent Model** preserves this legacy by establishing industry-led training providers, ensuring training remains relevant, effective, and aligned with workforce needs. Key benefits of this approach include:

- **Industry Governance:** The building and construction industry is best positioned to own and oversee its own training, ensuring the workforce meets real-world demands.
- **Workforce Alignment:** Industry leaders set standards that reflect current and future workforce needs, rather than relying on external decision-makers unfamiliar with sector-specific challenges.
- **Proven Effectiveness:** Employer-led training models have successfully aligned workforce skills with employer expectations, reducing skill gaps and improving industry readiness.
- **National Consistency:** Ensures uniform outcomes across qualifications, training provision, learning resources, assessments, employer support, and pastoral care, maintaining high standards and credibility within the sector.
- **Support for Small Trades and Niche Industries:** Ensures that all building and construction-related trades receive adequate support and prevents smaller trades from becoming marginalized due to funding or policy changes by prioritizing industry oversight. The industry has a proven history of operating national education provision to ensure smaller trades receive the same level of service and support as larger trades.

Stability for learners

Apprenticeship training has undergone significant changes, and a stable, industry-led model is essential for ensuring consistency and reliability. The **Independent Model** provides a seamless transition for apprentices and employers, minimizing disruption while keeping training focused on industry and learner needs. Key benefits include:

- **Stability in Workforce Development:** After multiple restructurings over the past decade, maintaining a stable system is crucial for sustaining industry growth and workforce training.
- **Simpler Transition:** The **Independent Model** ensures minimal structural changes, making it easier for apprentices and employers to adapt.
- **Funding Follows the Learner:** Ensures financial sustainability by providing apprentices with access to funding regardless of their chosen training pathway or location.
- **Eliminates Artificial Constraints:** Reduces complexity and ensures adequate resources for both training providers and apprentices, preventing funding gaps that could limit access to training.

Pastoral care and learner support

Integrated pastoral care and learning support are crucial for learner success. Splitting these functions creates an accountability gap, where no single organization is fully responsible for outcomes. This division increases the risk of learners falling through the cracks, leading to diminished support and lower-quality results. Maintaining holistic support within a single framework offers several key advantages:

- **Direct Alignment of Learning and Support Needs:** A unified approach ensures better coordination, creating a seamless learning experience.
- **Rapid Response to Emerging Issues:** Challenges can be addressed quickly, minimizing disruptions and keeping apprentices on track.
- **Clear Accountability for Outcomes:** With one organization responsible for both learning and support, responsibilities are well-defined, ensuring consistency and high-quality results.
- **Greater System Efficiency:** Consolidating resources reduces duplication, making training delivery more cost-effective.
- **Financial Sustainability:** Streamlining support lowers administrative costs, benefiting apprentices and employers who already face financial constraints.

By integrating learning and pastoral care under one roof, this model enhances both effectiveness and affordability, ensuring long-term success for apprentices and the industry.

Employer choice

A workplace learning system must prioritize employer choice, fostering strong, trusted relationships between employers, apprentices, and training partners. Employers should have the freedom to select their training partners, including pastoral care, ensuring training remains relevant and responsive to industry needs. Key considerations include:

- **Preserving Employer Choice:** Ensures businesses can select training providers that best align with their needs, improving service quality.
- **Better Service Delivery:** Competition among providers drives higher standards and innovation in training programmes.
- **Clear Communication of Work-Based Learning Options:** Employers need accessible information to make informed decisions about training pathways.
- **Stronger Collaboration with Industry Associations:** Enhancing partnerships will improve training alignment with workforce demands.
- **Continuous Feedback Loop:** Regular input from employers ensures training remains effective and industry-relevant.
- **Retention of Successful Features:** The model should build on what already works while strengthening industry influence over training quality and outcomes.

By maintaining employer choice and industry leadership/ownership, the system can deliver high-quality, responsive, and effective workplace training.

Accountability

For the preferred model to succeed, industry must have strong accountability levers and influence to effectively guide the system. Future reforms should focus on improving New Zealand's productivity and developing a highly skilled workforce essential for economic growth. Key priorities include:

- **Industry Leadership in Skills Development:** Ensuring employers have a central role in shaping training programmes to meet real workforce demands.
- **Clear Accountability and Transparency:** Establishing robust reporting mechanisms to track progress and outcomes.

- **Defined Roles and Responsibilities:** Clearly outlining the functions of all stakeholders to ensure smooth implementation.
- **ISB Influence and Oversight:** Reviewing NZQA compliance settings to ensure ISBs have appropriate quality assurance responsibilities.
- **Alignment of Training Outcomes with Industry Needs:** Creating a system where relevant participants are accountable for employment success and skill development.

By strengthening industry leadership and accountability, the model can drive long-term workforce development and economic growth.

Concerns about the Collaborative Model

While the **Collaborative Model** aims to improve work-based training, it introduces complexity, weakens industry leadership, and fragments responsibilities. An integrated, industry-led structure would better achieve these goals, ensuring that employers remain central to training decisions. Key concerns with the **Collaborative Model** include:

- **Separation of Education and Pastoral Care:** This division may create confusion and inefficiencies for learners and employers. Industry input should be integrated throughout training to align theoretical knowledge with practical skills development.
- **Duplication and Blurred Accountability:** Involving both providers and ISBs in learner support risks overlapping responsibilities. Industry professionals are best suited to mentor apprentices, and splitting this role may lead to inconsistencies in learner outcomes.
- **Coordination Challenges Across Regions and Industries:** Multiple Polytechnics managing training could result in qualification inconsistencies and varied levels of learner support. Standardising programmes is essential to ensure all graduates meet the same competency levels.
- **Balancing Local and National Needs:** Maintaining local autonomy and regional responsiveness while ensuring national cohesion and consistency must remain a priority.
- **Diminished Employer Involvement:** Reducing industry's direct role in training may weaken employer participation in vocational education. Employers have firsthand knowledge of skill requirements and should continue shaping training programs to meet industry needs.

2. Why will your preferred model work best for employers and learners in work-based learning?

Better Outcomes

The Independent Model delivers superior outcomes by strengthening both programme design and system efficiency. By integrating industry leadership into training, it ensures responsiveness, quality, and long-term workforce development. Key benefits include:

- **Direct Feedback Loops:** Creates strong connections between workplace training and education, allowing rapid adaptation to industry needs.
- **Integrated Assessment and Moderation:** Ensures consistency and quality in skills evaluation across training programmes.
- **Clear Quality Accountability Frameworks:** Strengthens oversight to maintain high training standards.
- **Proven Industry-Led Success:** Industry-led training has historically produced high-quality apprenticeships and skilled tradespeople.
- **Strong Industry Support:** The August 2024 consultation, which widely engaged the sector, overwhelmingly endorsed the **Independent Model** as the best approach for construction workforce development.

By aligning training with real-world industry needs, the **Independent Model** ensures a skilled workforce that meets New Zealand's economic demands.

Better for employers

The **Independent Model** ensures that employers and industry experts maintain direct control over training structure, content, and delivery, aligning apprenticeship programmes with real-world industry needs. This approach prioritizes efficiency, flexibility, and high-quality outcomes. Key benefits include:

- **Industry-Led Training:** Employers and industry experts guide training, ensuring apprentices develop skills that meet workforce demands.
- **Improved System Efficiency:** Provides a single point of contact for employers, streamlining administration, coordinating support services, and optimizing resource allocation.
- **Quick and Low-Risk Transition:** Ensures a smooth shift with minimal disruption, making it the most effective model for work-based learning.
- **Employer Choice:** Businesses retain the freedom to select their preferred training partners, avoiding a monopolistic system like ITOs or the proposed **Collaborative Model**.
- **Integrated Training and Pastoral Care:** A single private or industry-owned entity oversees both aspects, eliminating duplication and inefficiencies.
- **Stronger Industry Standards:** Apprenticeships remain a cornerstone of workforce development, helping the construction sector produce high-quality buildings and maintain industry excellence.

By placing ownership and control in the hands of industry, this model delivers a responsive, efficient, and high-performing vocational training system.

Better for learners

The **Independent Model** ensures comprehensive pastoral care by combining full ownership with accountability for learner well-being. By aligning learning and support needs, this approach enhances both training quality and learner success. Key benefits include:

- **Holistic Support Approach:** Ensures pastoral care is fully integrated with learning, allowing for seamless intervention when needed.
- **Coordinated Support Initiatives:** Designed to complement learning goals, ensuring apprentices receive the guidance and assistance necessary for success.
- **Single Point of Contact:** Streamlines communication and support for both learners and employers, reducing complexity and administrative burden.
- **Immediate Response to Learner Needs:** Enables rapid intervention, establishing clear pathways for issue resolution and support.

A major flaw in the **Collaborative Model** is assigning pastoral care to ISBs, which weakens the essential feedback loop for setting effective industry standards. Key concerns include:

- **Separation of Learning and Support:** Insight into qualification effectiveness comes from teaching, learning, and assessment—not pastoral care.
- **Compromised Training Advisors:** Restrictions led to hiring advisors who lacked technical industry knowledge, reducing training effectiveness.

A system where one organization *supports the learner but not the learning*, while another *supports the learning but not the learner*, creates unnecessary complexity. This fragmented approach is confusing, inefficient, and frustrating for employers. A more integrated system is needed to ensure seamless, high-quality training and support for apprentices.

Better provision

The proposal to re-establish Te Pūkenga's Work-Based Learning business divisions as industry or privately-owned training providers underscores the importance of choice and competition in vocational education. Employers play a critical role in workforce development and should have the freedom to select their training partners. Key considerations include:

- **Employer Choice and Competition:** Ensuring businesses can choose training providers that best align with their workforce needs.
- **Different Paths for WBL Divisions:**
 - The **Independent Model** would re-establish them as private training providers through a structured two-step process.
 - The **Collaborative Model** would redistribute their assets and activities within the ITP network.
- **Autonomy for WBL Divisions:** These divisions should have the flexibility to determine their future in consultation with their respective industries. After all, despite some issues that have been addressed through WDC/ISB provision, the ITO system delivered consistent quality work-based learning for several decades, which was industry-owned, and managed in partnership with the Crown.
- **Alignment with Original Strategic Intent:** WBL divisions were integrated into Te Pūkenga under TEC-approved transition plans, and forcing their divestment would contradict this intended strategy.

By maintaining industry input and choice, the system can ensure a training framework that is both responsive and sustainable.

3. What does your organisation think are the main benefits, costs and risks of each option for employers and learners in your industry?

Key system-level considerations impact both options and must be carefully addressed. Maintaining sufficient scale is essential for financial viability, ensuring that resources are used efficiently and sustainably. Limited funding must be allocated effectively to maximize impact while avoiding unnecessary duplication of systems and infrastructure. It is crucial to support existing providers with proven capability, leveraging their expertise to enhance training quality and outcomes. A well-structured approach will ensure that the vocational education system remains efficient, responsive, and capable of meeting industry and workforce needs.

Independent Model

Benefits

This model has the most benefits and the fewest costs and risks compared to the Collaborative model. The key benefit is aligning the sector with globally successful, industry-led work-based systems, focusing on productivity, developing a highly skilled workforce for economic growth, and providing individuals with sustainable employment opportunities in New Zealand.

Industry Leadership

The **Independent Model** provides significant benefits by ensuring industry-led ownership, governance, and decision-making, keeping training aligned with real-world industry needs. Its streamlined approach reduces complexity while maintaining stability for apprentices and employers. Key advantages include:

- **Industry-Led Governance:** Training remains directly aligned with workforce demands, ensuring relevance and effectiveness.
- **Reduced Bureaucracy:** A streamlined structure minimizes administrative complexity, allowing providers to focus on high-quality training.
- **Stability for Apprentices:** Ensures continuity in training programs, minimizing disruption during the transition.
- **Encourages Choice and Innovation:** Enables competition among training providers, driving improvements in training quality.
- **Stronger Employer and Learner Relationships:** Fosters trusted partnerships between apprentices, employers, and providers, enhancing overall learning outcomes.

By prioritizing industry leadership and reducing barriers, the Independent Model creates a more effective and sustainable vocational training system.

Learner success and support

- **Clear Accountability:** A single provider is responsible for both learning and pastoral care, ensuring consistent oversight.
- **Integrated Support:** Combines learning and pastoral care to provide a holistic approach to apprentice development.
- **Seamless Learning Journey:** Ensures continuous and coordinated support throughout the training process.
- **Rapid Response Capability:** Enables quick intervention to address learner needs effectively.
- **Enhanced Training System:** Creates a more efficient, responsive, and learner-focused vocational education framework.

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Operational efficiency

- **Effective Resource Utilization:** Utilizes established systems to maximize efficiency and reduce waste.
- **Single Point of Contact:** Simplifies communication and coordination for both employers and learners.
- **Streamlined Administration:** Reduces complexity in reporting and administrative processes.
- **Greater Focus on Training Quality:** Allows providers to prioritize training excellence and learner success.
- **Leverages Existing Provider Capability:** Enhances efficiency by using proven expertise and infrastructure in the WBL divisions.
- **Maintains High Standards:** Ensures resources are optimized while upholding workforce training and development quality.

Quality and innovation

- **Strong Quality Frameworks:** Built on the expertise of experienced providers to maintain high training standards.
- **Continuous Improvement:** Competition among providers drives enhancements in training quality and outcomes.
- **Flexibility for Industry Needs:** Adapts to the diverse requirements of different industries, ensuring relevance.
- **Innovation in Delivery:** Encourages new and effective training methods to improve learning experiences.
- **Workforce Readiness:** Prepares apprentices for evolving industry demands through modernized training approaches.

Market Choice

- **Employer Choice:** Ensures businesses can select their preferred training partners.
- **Diverse Provider Options:** Allows employers to choose from different types of providers that best align with industry needs.
- **Flexibility in Training Partnerships:** Matches provider capability with workforce demands for high-quality training outcomes.
- **Accountability and Continuous Improvement:** The ability to change providers encourages higher standards and better service.
- **Enhanced Training Quality:** Maintains high standards in training and support, benefiting both employers and apprentices.

Costs

- **Leverages Established Systems and Infrastructure:** Builds on existing provider capability for a strong workforce training foundation.
- **Minimizes Additional Compliance Costs:** Reduces regulatory burdens while maintaining efficiency and effectiveness.
- **Fosters Industry Relationships:** Strengthens trust and collaboration between employers and training providers.
- **Utilizes Proven Delivery Models:** Ensures consistency in training quality and learner outcomes through existing WBL Divisions.
- **Supports Sustainable Funding Allocations:** Maximizes resource efficiency to maintain a high-quality vocational education system.
- **Meets Industry Needs:** Aligns training with workforce demands for long-term success.

Risks

- **Establishment Costs:** Creating new PTEs requires upfront investment.
- **Increased Administrative Burden:** Additional compliance and management costs.

Collaborative Model

Benefits

- **Regional Coordination Potential:** Enables localized training solutions tailored to specific workforce needs.

Costs

The **Collaborative Model** not only carries similar costs as the **Independent Model** but also introduces additional expenses and inefficiencies. These added complexities create administrative burdens, duplication, and financial strain, making the system less efficient and more costly. Key concerns include:

- **Additional Pastoral Care Costs:** Requires extra funding for functions already provided by work-based Tertiary Education Organisations (TEOs).
- **Duplication of Systems and Processes:** Increases inefficiencies by spreading responsibilities across multiple providers and ISBs.
- **Complex Coordination Challenges:** Requires significant effort to manage collaboration between multiple organizations.
- **Higher Reporting and Compliance Costs:** Adds further strain on financial and operational resources.
- **Reduced System Efficiency:** Increased costs and administrative complexity make the model more expensive and less effective overall.

By introducing these additional financial and operational burdens, the **Collaborative Model** risks undermining the effectiveness of vocational training.

Risks

The risk of losing industry confidence is significant. Past government changes to the apprenticeship system created confusion, leading employers to withdraw from training. Strong employer buy-in for the industry owned and led **Independent Model** is crucial for ensuring successful work-based learning and workforce development.

Pastoral Care

Assigning pastoral care to ISBs introduces unnecessary complexity for both employers and apprentices. Effective pastoral care is best delivered by those with direct industry experience who understand apprenticeship training and have the trust of employers. Separating pastoral care from learning delivery undermines established best practices and creates risks for learners. Key concerns include:

- **Industry-Experienced Support:** Pastoral care is most effective when led by those with firsthand knowledge of the trade and training process.
- **Contradiction to Tertiary Standards:** New Zealand's tertiary education system requires providers to take responsibility for learner well-being under the Code of Practice.
- **Unprecedented Exception in Workplace Training:** The **Collaborative Model** removes both responsibility and funding for pastoral care from training providers.
- **Complexity in Work-Based Learning:** Modern training includes on-job, off-job, and online learning, making it impractical to separate pastoral care from education.

- **Confusion Over Accountability:** Dividing responsibilities creates uncertainty, weakening the effectiveness of learner support and reducing overall training success.

To ensure apprentices receive consistent and high-quality support, pastoral care must remain integrated with learning delivery.

Accountability gap

The accountability gap created by the **Collaborative Model** for Educational Performance Indicators (EPIs) is a significant concern. By separating educational delivery and pastoral care between providers and ISBs, the model creates fragmented responsibilities, making it unclear who is accountable for learner success. This division weakens support systems and threatens training quality. Key issues include:

- **Confused Accountability for Completion Rates:** No single organization has full authority to ensure learner success.
- **Lack of Coordinated Interventions:** At-risk learners may not receive timely support, reducing overall training effectiveness.
- **Inability to Take a Holistic Approach:** Splitting responsibility hinders efforts to improve educational outcomes.
- **Weakened Performance Reporting and Quality Assurance:** Fragmented responsibilities make tracking progress and implementing improvements more difficult.
- **Contradictions in Provider Responsibilities:** Institutions offering multiple delivery modes would manage pastoral care for some learners but not others, creating inconsistencies.
- **Gaps in Learner Support:** The model risks undermining learner well-being and educational success by failing to provide integrated support.
- **Operational and Quality Risks:** Separating learning from pastoral care weakens training effectiveness and reduces overall system efficiency.

This accountability gap is more than just an administrative flaw – it directly impacts learner success by creating systemic barriers to effective support and intervention. A fully industry owned and integrated model is essential to maintaining high-quality training and positive outcomes.

Complex transition with the Collaborative model

- **Complex Handovers Between Organizations:** Inefficiencies and service disruptions arise from fragmented responsibilities.
- **Delayed Responses to Learner Needs:** The fragmented structure makes it harder to provide timely support.
- **Duplication of Systems and Processes:** Increases redundancies, adding unnecessary costs and administrative complexity.
- **Higher Administrative Burden:** Resources are diverted from direct training and learner support.
- **Reduced System Effectiveness:** The model becomes less responsive to industry and learner needs.

Quality risks

- **Fragmented Learner Support:** Leads to inconsistencies in the training experience.
- **Unclear Accountability:** Multiple organizations create confusion over who is responsible for addressing learner needs.
- **Increased Risk of Service Gaps:** Essential support may be overlooked or delayed.
- **Compromised Response Capability:** Learners may not receive timely assistance, impacting their success.
- **Weakened Training Outcomes:** Lack of coordination affects overall workforce readiness.

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- **Need for an Integrated Approach:** Ensures consistency, accountability, and high-quality learner support.
- **Risk of Reduced Responsiveness:** National consistency efforts may overlook unique local and sector-specific challenges.
- **Standardisation Risks:** Uniformity does not guarantee quality and may reduce responsiveness to industry-specific demands.
- **Limited Flexibility:** The ITP is considered a more rigid system compared with PTEs and could struggle to adapt quickly to evolving workforce requirements.

Role confusion of ISBs

The **Collaborative Model** suggests that ISBs would 'provide national training coordination' functions, but this role is undefined and raises several critical concerns:

- **Role Confusion:** Overlap between ISBs' coordination responsibilities and providers' core functions, including enrolments, materials, assessment, and training delivery.
- **Duplication of Responsibilities:** Potential inefficiencies due to unclear boundaries between ISBs and training providers.
- **Resource Allocation Concerns:** The proposed funding split must cover additional coordination duties, therefore risking financial strain.
- **Limited Funding Capacity:** Spreading resources across multiple entities may reduce overall training effectiveness.

National account management

- **Unclear National Account Management:** No clear framework for managing relationships with national employers across multiple providers.
- **Lack of Consistency:** Difficulty ensuring uniform training standards and employer engagement across different regions.
- **Increased Bureaucracy and Complexity:** Additional coordination layers make the system more cumbersome and less responsive to industry needs.
- **Risk to Model Effectiveness:** Without clear definitions and planning, these issues could undermine training outcomes.
- **Potential Role Confusion:** Without clear scope and accountability, risks repeating past issues with system effectiveness and clarity.

National presence requires national leadership

The construction sector is vast, employing people across multiple industries and needs a national system to support its national coverage:

- **Diverse Construction Industry:** Includes carpentry, painting, masonry, flooring, frame and truss, etc, with all trades playing a vital role in the sector's success.
- **Collaboration Across Industries:** The **Independent Model** supports national-scale collaboration, ensuring sustainability and shared resources among trades, which is vital.
- **Challenges in the Collaborative Model:** Requires each Polytechnic to build capability for smaller trades at a regional level, despite financial constraints.
- **Polytechnic Viability Concerns:** Many Polytechnics are already cutting small programmes and staff to remain financially stable. It is not clear how the management of national provision for small industries will be managed.
- **Unresolved Financial Viability:** Stand-alone providers for specialist industries have been proposed, but long-term sustainability remains uncertain.
- **Need for National Consistency:** Ensures all apprentices graduate with uniform skills, regardless of provider or region, supporting consistent workforce competency.

4. Both models will involve a transition process, but this will be different for each. What will be the critical factors in making transitions work for your industry?

Ensuring apprentices and employers are not disrupted is crucial. Any changes must benefit them and the industries they are a part of. Business owners need clarity on how they engage with and benefit from the new model.

Minimal disruption to learners

The **Independent Model** is far less disruptive and complex to implement than the **Collaborative Model**.

- **Essential for Economic Growth:** The building and construction sector is critical to the country's economic recovery, with rising building consents and increasing new build inquiries.
- **Skilled Workforce Shortage:** The industry lacks enough trained workers to meet growing demand.
- **Risk of an Untested Model:** Now is not the time to introduce a complex, unproven apprenticeship training system.
- **Focus on Workforce Retention:** Employers must prioritize workplace training to upskill existing workers and maintain sector engagement.
- **Industry-Supported Transition:** A well-planned shift to the Independent Model is necessary to minimize disruptions.
- **Industry Leadership in Transition Planning:** Ensuring industry representatives are involved in governance and implementation for practical, effective solutions.
- **Phased Transition Approach:** A clear plan must be in place to maintain continuity for apprentices and employers.
- **Sustainable Funding and Support:** Independent providers must have adequate resources to ensure high-quality training.
- **Reducing Disruption:** A stable training system is essential for long-term confidence, consistency, and sustainable workforce outcomes.

Communication and guidance

- **Clear Communication and Guidance:** Employers and apprentices must be informed well in advance and receive dedicated transition support.
- **Flexibility for Industry Needs:** The model must accommodate the unique requirements of different trades.
- **Embedded Training and Pastoral Care:** Existing models are deeply integrated into construction workplaces.
- **High Industry Engagement:** Contrary to the oft-repeated claim that only 15% of employers train, independent research shows that 64% of construction employers participate in structured training (Scarlati 2024).
- **Support for Employers:** Any system changes must include in-depth support to help businesses adapt without added costs.
- **Risk of Reduced Training Participation:** If the transition is too complex or costly, employers may withdraw from training, weakening workforce development and industry growth.

Minimal disruption to employers

The **Collaborative Model** is complex to implement, causing significant disruption for employers, apprentices, and the training system.

- **Urgent Need for Construction Apprentices:** Economic growth depends on increasing the number of skilled workers in the sector.

- **Risk of Delays with an Unproven Model:** The Collaborative Model excludes industry expertise and creates inefficiencies through duplicated responsibilities.
- **Smoother Transition with the Independent Model:** Minimizes administrative burdens and maintains consistency for employers and apprentices.
- **Avoids Disruption:** The Collaborative Model could cause significant disruption, potentially leading many firms to stop formal training.
- **Ensures Stability and Workforce Development:** Reduces complexity and supports businesses in training skilled workers without unnecessary interruptions.
- **Lessons from Past Structural Changes:** The industry's experience with previous reforms highlights the need for a simplified, stable training model.
- **Independent Model Provides Certainty:** Minimizes disruption and offers stability after years of change fatigue from continuous vocational education reforms.
- **Avoiding System Friction:** Additional complexity or inefficiencies could hinder employer and learner experiences, ultimately impacting training outcomes.
- **Priority on Simplicity and Stability:** A clear, predictable system ensures better results for both learners and employers.

Stakeholder management

- **Effective Stakeholder Management:** Ensures strong employer relationships, learner protection, staff engagement, and industry connections.
- **Employer Confidence:** Maintaining trust and collaboration to support workforce development.
- **System Continuity:** Preserves learning management systems, quality assurance, and uninterrupted support services.
- **Sustaining Administrative Functions:** Ensures smooth operations and training consistency.
- **Resource Management:** Focuses on providers with proven capability and strong track records.
- **Adaptation Within Existing Frameworks:** Supports system improvements without unnecessary duplication.
- **Efficient Documentation Compliance:** Ensures streamlined processes while meeting requirements.
- **Well-Planned Transition:** Guarantees stability, consistency, and long-term success for all stakeholders.

Funding of Work-Based Training

Further changes to industry training risk weakening the sector by reducing funding and shifting more costs onto employers. This could discourage firms from participating in formal training and push them toward offshore or unaccredited options, perceived as better value for money. To maintain a strong vocational training system, key priorities include:

- **Maintaining Current Funding Levels:** Industry training funding should not be reduced to subsidize higher rates for campus or online provision. Work-based learners deserve the same level of support as other students.
- **Preventing Employer Cost Increases:** Additional financial burdens could make work-based learning unsustainable.
- **Supporting Business Investment in Training:** Employers already cover significant costs, including productivity losses, training fees, mentoring, and administrative expenses.
- **Reducing Reliance on Immigration:** Cutting funding could limit workforce development and increase dependence on skilled migrant workers.
- **Preserving Existing Levy Provisions:** Current levy structures are sufficient for industries that choose to use them.

- **Avoiding Unnecessary Policy Changes:** Firms already invest heavily in effective, industry-specific training—further changes could disrupt this progress.

A stable funding approach ensures employers can continue investing in workforce development without unnecessary financial strain or risk to industry training quality.

Industry levies

Both models propose allowing ISBs to introduce industry levies, a significant change that requires clarity on its implications and broader consultation to ensure alignment with industry needs.

- **Value-Driven Contributions:** In countries with levy schemes, businesses contribute when they see clear benefits and industry-aligned education.
- **New Zealand's Unique Context:** Any changes must be carefully considered to ensure they fit the local industry and economic landscape.
- **Existing Levy Provisions:** The Education and Training Act already allows industries to trigger levies when needed, preserving flexibility.
- **Industry-Driven Funding:** Current levy structures should remain unchanged to ensure funding decisions are led by industry needs.
- **Unnecessary Cost Burden:** Levying industry for standard setting would introduce additional financial and compliance pressures.
- **Significant Employer Contributions:** Businesses already cover major training costs, including lost productivity, wages, trainer fees, assessments, and equipment.
- **Apprentice Wage Comparison:** While lower than fully qualified tradespeople, apprentice wages in New Zealand remain relatively high by international standards.

Total costs

The true cost of standard setting remains unclear. Instead of introducing levies, reducing compliance and improving efficiencies in the standard-setting process could significantly lower the funding required, ensuring a more cost-effective and sustainable approach to industry training.

- **Unfair Financial Burden:** Industry training is the only sector facing proposed levies, despite employers already covering significant costs.
- **Risk to Parity with Tertiary Education:** Levies could further diminish the status of industry training compared to university education.
- **Unequal Treatment:** Universities benefit professional firms without direct levies, while industry training faces additional financial strain.
- **Critical Role in Workforce Development:** Industry training is essential for building a skilled workforce and should not be financially disadvantaged.
- **Funding Stability and Learner Support:** Training must be industry-driven, ensuring consistency and alignment with workforce needs.
- **Resilience Against Policy Changes:** A stable system prevents disruptions caused by frequent funding adjustments.
- **Long-Term Financial Planning:** Sustained investment is crucial to maintaining high-quality training programs and workforce readiness.

Conclusion

NZCIC strongly supports the **Independent Work-Based Learning Model** as the most effective, sustainable, and industry-aligned approach to vocational education for the construction sector. However, it is acknowledged that some industries may prefer the **Collaborative Model**, to better meet their specific training needs.

Industry voice

Enhancing industry ownership, voice and choice is essential for a responsive and effective training system. Employers must have the freedom to select training partners that best align with their specific needs, ensuring high-quality, industry-relevant training. Key priorities include:

- **Employer Choice:** Businesses should have the flexibility to choose training providers that match their workforce requirements.
- **Clear Industry Feedback Mechanisms:** Establishing strong feedback loops at the point of delivery ensures quality and relevance.
- **Diverse Delivery Models:** Different industries require tailored training approaches to meet specific skill demands.
- **Flexibility for Work-Based Learning Divisions:** WBL divisions should have the autonomy to determine their future structure to best serve industry and apprentices.
- **Industry Ownership and Leadership:** Governance structures must include strong employer and industry representation to keep training aligned with evolving workforce needs.
- **Industry-Led Training:** Vocational education should be driven by real industry demands rather than external decision-makers.
- **Embedded Pastoral Care:** Integrating pastoral support within training providers ensures seamless learner support throughout apprenticeships.

By prioritizing industry leadership and choice, the system can remain adaptable, effective, and directly aligned with workforce development needs.

Seamless co-ordination

Maintaining integrated delivery excellence requires supporting proven models that effectively combine learning and pastoral care, ensuring apprentices receive comprehensive support throughout their training. A well-coordinated system enhances responsiveness and efficiency while upholding high training standards. Key priorities include:

- **Seamless Coordination:** Education and support services must be integrated to create a responsive and efficient system.
- **Strengthened Quality Assurance:** Frameworks should be reinforced while maintaining flexibility to meet industry needs.
- **Leveraging Existing Expertise:** Work-Based Learning divisions should be integrated into experienced providers to ensure a smooth transition.
- **Sustainable Funding Rates:** Training costs must be accurately reflected to maintain long-term viability.
- **Avoiding Unnecessary Rigidity:** Flexibility in training models ensures continuous improvement without compromising quality.

By prioritizing these elements, the system can deliver high-quality, industry-relevant vocational training that meets workforce demands.

Streamlining administration

Driving system efficiency is essential to reducing costs, improving accountability, and maximizing the impact of vocational training. By streamlining processes and ensuring effective resource allocation,

the system can remain financially sustainable while delivering high-quality training. Key priorities include:

- **Streamlined Administration:** Reducing overhead costs allows more resources to be directed toward training and learner support.
- **Clear Accountability Frameworks:** Ensures providers take responsibility for learner outcomes, promoting higher standards and better results.
- **Eliminating Duplication:** Avoiding redundant systems and complexity creates a more cohesive and effective training structure.
- **Efficient Resource Allocation:** Proper distribution of funding maintains financial sustainability and maximizes impact.
- **Building on Proven Capability:** Leveraging existing infrastructure strengthens the system without unnecessary disruptions.
- **Funding Follows the Learner:** Ensures financial sustainability and minimizes disruptions in training pathways.
- **National Qualification Standards:** Maintains consistency in skills development across all regions.

By prioritizing these efficiencies, the vocational training system can remain effective, adaptable, and aligned with industry needs.

Innovation and development

Fostering innovation and development in vocational training is essential to keeping pace with industry demands and technological advancements. By supporting new delivery models and expanding opportunities, the system can become more accessible, adaptable, and effective. Key priorities include:

- **New Delivery Approaches:** Embrace digital solutions to enhance accessibility and engagement in vocational training.
- **Advanced and Degree-Level Apprenticeships:** Expand pathways to provide greater opportunities for skill development and career progression.
- **Cross-Industry Collaboration:** Promote knowledge exchange and best practices across different sectors.
- **Group Training Schemes:** Support smaller employers in participating effectively in apprenticeship programs.
- **Innovative Delivery Models:** Encourage creative approaches to training that enhance learning outcomes.
- **Rapid Response Mechanisms:** Ensure training adapts quickly to industry needs and workforce changes.

By prioritizing these initiatives, vocational training can remain relevant, forward-thinking, and responsive to the evolving job market.

Data

Enhancing quality through competition ensures that vocational training remains effective, responsive, and aligned with industry needs. By establishing clear accountability and fostering continuous improvement, the system can maintain high standards while encouraging innovation. Key priorities include:

- **Integrated Performance Metrics:** Assess both learning and pastoral care to provide comprehensive apprentice support.
- **Clear Accountability for EPIs:** Establish transparency and drive improvements in training outcomes.

- **Industry Responsiveness:** A competitive training market allows providers to adapt and innovate based on workforce demands.
- **Provider Choice:** Supporting competition ensures employers and apprentices have access to high-quality training options.
- **Continuous Improvement:** Encouraging innovation helps maintain high standards while evolving with industry needs.
- **Dynamic and Effective System:** Balances quality and flexibility to ensure vocational education remains future-focused and impactful.

By prioritizing competition and accountability, the vocational training system can deliver strong, adaptable, and industry-driven outcomes.

Governance

The governance of ISBs (for each model) allows for two Board members appointed by the Minister for Vocational Education; the ISBs should be solely governed by Board members appointed to represent industry. Balancing government oversight with industry leadership is essential to ensuring vocational training remains practical, responsive, and aligned with workforce needs. While regulatory alignment and funding management require government involvement, direct industry leadership ensures training decisions reflect real-world demands rather than political priorities. Key priorities include:

- **Industry-Led Decision-Making:** Governance must be driven by sector experts who understand workforce challenges and training requirements.
- **Transparent Appointment Process:** Industry consultation ensures governance structures align with sector-specific needs.
- **Limited Ministerial Appointees:** Keeps decision-making focused on industry priorities rather than political influence.
- **Safeguarded from Political Shifts:** Ensures long-term stability for learners and employers, preventing disruptions caused by changing government policies.

By prioritizing industry leadership within a balanced framework, the system can maintain its effectiveness, stability, and alignment with real workforce demands.