CONCORE TŪHURA

Key Informants

Stakeholder Views about TVET

Nina Herriman, Roger Smyth and Brenden Mischewski | May 2025

MISCHEWSKI CONSULTING

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Introduction

This report presents the findings of interviews with key informants about the design of the tertiary and vocational education and training (TVET) funding system from the perspective of the construction and infrastructure system. This report has two parts:

- an *Overview* which highlights the key findings of the interviews, and
- *Detailed Findings* which present the analysis of the interview transcripts.
- *Appendix A: Key informants,* which is a list of the key informants we interviewed
- *Appendix B: Interview Participant Information*, which is the background information we provided to the key informants.

This report is part of series of companion reports that comprise the technical background to a discussion paper on the funding of TVET for the construction and infrastructure sector.

Methodology

These interviews were designed to explore core themes identified from the literature review, such as alignment between education and workforce needs, equity considerations, employer contributions to training costs, and institutional flexibility.

Participants were asked about their experiences with the current funding model, its effectiveness, and potential reforms. Special attention was given to systemic barriers affecting underserved groups—Māori, Pacific peoples, women, and disabled learners—alongside perspectives on work-integrated learning (WIL) and innovation in teaching practices.

Thematic analysis was applied to the interview data, identifying recurring patterns, tensions, and insights that help illustrate how the funding system operates in practice and where gaps exist.

Findings from these qualitative interviews were triangulated with quantitative data and existing literature to ensure a robust, evidence-based analysis of TVET funding. This approach helped validate emerging themes and highlight inconsistencies between policy intentions and real-world outcomes.

The interviews provided rich contextual insights that quantitative data alone could not capture, particularly regarding employer engagement, workforce retention challenges, and the responsiveness of training providers to industry needs.

Ethical considerations were prioritised, with participants providing informed consent before interviews were conducted (see Appendix B for the Participant Information Sheet). Further details on the research design and data analysis process can be found in the standalone methodology note.

More information on the methodology we used for this element of the work and how it was integrated with the wider analysis is presented in the standalone paper *Funding of Construction and Infrastructure TVET – Methodology and Bibliography*.

Overview

We conducted interviews with 49 key informants: employers and leaders in the construction and infrastructure industry, people who work in providers of education and training, government tertiary education officials, and others familiar with the design of the funding system (see *Appendix A*).

The interviews followed a semi-structured format, with the background information and a set of guiding questions (see *Appendix B*) provided beforehand.

The discussions often deviated from the structured questions; some questions were omitted if they were outside the interviewee's expertise or of time constraints prevented full coverage. At times, conversations naturally flowed into later-stage questions or into areas not originally included in the question set.

Given the organic nature of these discussions, the transcripts were coded holistically rather than being segmented strictly by the questions. While the primary focus was the funding system, many interviewees raised broader issues, many of which had implications for the nature and structure of the funding system. These topics have been incorporated into the analysis where they were mentioned by multiple participants, even though this report does not aim to propose specific solutions.

Interviews were either recorded electronically and transcribed using AI, or through written notes, and then reviewed for readability. Coding and this analysis were conducted by Nina Herriman using an inductive approach. An initial coding framework was developed from a small sample and was refined as additional interviews were analysed. Rather than a single, dominant narrative, the interviews revealed a series of tensions or contrasting perspectives on the same issues, both between interviewees and, at times, within a single conversation. This analysis highlights these tensions as the central theme of the discussion.

A strong theme that emerged from the interviews was the tension between the need for system stability and the recognition that the current VET system is not fit for purpose. Many interviewees emphasised that constant change has led to widespread fatigue, not just among providers, but also among learners, employers, and industry stakeholders. Since the Reform of Vocational Education (RoVE) began in 2020, the system has remained in a state of flux, and now, with further changes underway, many feel disengaged. Several interviewees expressed frustration, stating that no one truly understands how the system works anymore or how to navigate it effectively.

Some industry and business frustrations have resulted to the creation of bespoke and in-house training systems.

At the same time, there was almost universal agreement that the system, as it stands, does not meet the needs of learners, employers, industry, or NZ Inc. Many pointed to misalignment between VET provision and workforce needs, with some arguing that what learners choose to study often does not correspond with employment opportunities. Others noted that funding mechanisms, particularly in work-based learning, are poorly aligned with industry needs, creating further barriers to effective training. Several interviewees raised concerns that current funding models disadvantage Māori and Pasifika learners by imposing structures that do not fit with their realities.

This tension between the need for reform and the need for stability must be considered across all aspects of VET policy. Interviewees stressed that while change is necessary, it must be managed carefully to avoid compounding uncertainty and disruption. Industry representatives noted that they invest significant time and resources in understanding how to engage with the system, only to find that the rules keep changing. Employers need clearer alignment between education and workforce needs, while learners require confidence that their training will lead to sustainable employment.

The challenge, then, is to develop a system that better serves learners, employers, and industries without subjecting them to the ongoing disruption of reform. Stability must be a key lens through which any changes are viewed, ensuring that adjustments do not cause further disengagement or confusion. A well-

functioning VET system should provide clarity and certainty while also being responsive to the evolving needs of industry and communities.

An overarching message

The interviewees provided us with a wide range of perspectives.

One overarching theme that emerged from the interviews was the tension between the need for system stability and the recognition that the current TVET system is not fit for purpose. Many interviewees emphasised that constant change has led to widespread fatigue, not just among providers, but also among learners, employers, and industry stakeholders. Since the Reform of Vocational Education (RoVE) began in 2020, the system has remained in a state of flux, and now, with further changes underway, many feel disengaged. Several interviewees expressed frustration, stating that no one truly understands how the system works anymore or how to navigate it effectively.

At the same time, there was almost universal agreement that the system, as it stands, does not meet the needs of learners, employers, industry, or our nation. Many interviewees pointed to misalignment between TVET provision and workforce needs, with some highlighting that what learners choose to study often does not correspond with employment opportunities. Others noted that funding mechanisms, particularly in workplace-based learning, are poorly aligned with industry needs, creating further barriers to effective training. Several interviewees raised concerns that current funding models disadvantage Māori and Pasifika learners by imposing structures that do not fit with their realities.

This tension between the need for reform and the need for stability must be considered across all aspects of TVET policy, not just the resourcing system. Interviewees stressed that, while change is necessary, it must be managed carefully to avoid compounding uncertainty and disruption. Industry representatives noted that they invest significant time and resources in understanding how to engage with the system, only to find that the rules keep changing. Employers need clearer alignment between education and workforce needs, while learners require confidence that their training will lead to sustainable employment.

The challenge, then, is to develop a system that better serves learners, employers, and industries without subjecting them to the ongoing disruption of reform. Stability must be a key lens through which any changes are viewed, ensuring that adjustments do not cause further disengagement or confusion. A well-functioning system should provide clarity and certainty to learners, providers and employers while also being responsive to the evolving needs of industry and communities.

We have set out below a high-level summary of the more detailed themes that emerged from the discussions.

Whose needs should drive the TVET system?

One of the most significant tensions in vocational education emerges from the interplay between industry and learner needs. Analysis of the interview responses shows that this represents a fundamental challenge. At its core lies a critical question: whose needs should drive the vocational education system: immediate industry demands or learner career development?

One interviewee told us that, in theory, the system aims to serve learner needs on the assumption that learner choices will naturally align with industry demands through market forces. This theoretical model assumes learners, acting in a rational manner, will make educational choices that align with labour market demands, creating a system meeting both individual career aspirations and industry workforce needs. However, that same interviewee (and many others) revealed significant complexities and contradictions in this approach.

Industry and regulatory perspectives dominate many discussions, participants also highlighted tensions between these perspectives and the needs of learners themselves.

2.1 The needs of employers

Some employers recognise a tension between being *qualified* and being *capable*, suggesting that the skills developed in training don't match workplace needs.

Likewise, for some employers, there is a tension between training for immediate job needs versus preparing learners for future industry developments. Interviewees noted that technological change, sustainability requirements, and evolving building practices require a workforce with adaptable skills beyond current job specifications.

> *"training isn't future focused, because it's too expensive to rewrite training programmes, resources, and upskill trainers"*

This highlights how funding constraints directly impact the system's ability to balance immediate needs with future preparation.

2.2 The needs of learners

Many interviewees questioned whether learners have access to the information necessary to make well-informed choices that would align with current and future industry demands (and that industry often lacks the information to predict demand). That gap challenges the theoretical model of rational learner choice leading to alignment with the labour market. Interviewees pointed to systemic bias in career guidance – steering learners away from high-demand trades and toward professions that require university study.

- Workforce planning is driven by current shortage rather than long-term need
- Occupational stereotypes are an issue – especially, university vs VET

There is a tension between learning design that serves institutional efficiency versus designs that optimise learner success. Many interviewees advocated for more genuinely learner-centred approaches that would better serve both individual needs and industry requirements.

> *"we've got to work in partnership together and work out what's the best for that particular learner*

and not put up barriers to seamless movement from one thing to the other"

2.3 The needs of industry

A recurring concern was the perception that those making funding and regulatory decisions lack understanding of industry realities. Interviewees told us that the funding model is not well aligned with industry needs supporting what people will enrol in, not what industry needs. Regulations and funding sometimes are poorly aligned to industry practices or priorities, creating friction.

An example quoted by several interviewees was the requirements of NZQA; the qualifications framework is seen by many as not meeting industry needs and is unresponsive to industry technology change. The system is seen as lacking flexibility and agility, leading to challenges for education providers attempting to deliver relevant training while maintaining compliance with regulatory requirements. This highlights the challenge of designing regulatory frameworks that maintain quality standards while enabling responsive innovation.

Funding mechanisms, focused on numbers of enrolments, rather than outcomes or quality, are also seen as creating misaligned incentives.

System constraints mean that even when learner demand and industry needs are aligned, the system may be unable to respond effectively.

2.4 Is a balanced approach possible?

Many interviewees suggested moving beyond viewing learner and industry needs as competing priorities, instead advocating for integrated approaches: a system that would recognise and take account of industry needs and learner needs and employer needs, balancing the needs of multiple stakeholders rather than assuming those needs will naturally align through market mechanisms.

Interviewees emphasised the need for the integration of work-based learning with theoretical or academic learning. Many interviewees acknowledged the challenge of balancing technical, job-specific skills with broader transferable competencies, arguing that socio-emotional skills (interpersonal or “soft” skills) are an important complement to technical skills and that the lack of them in the workforce is a key barrier to productivity. There is also a strong argument for VET qualifications to develop leadership and that training should support longer-term career development.

Similarly, some interviewees told us that the qualifications system needs to move away from siloed training. In practice, tradespeople need a range of skills from other trades. and career pathway development.

Learner equity

The VET funding system faces significant equity challenges and systemic barriers. Interviews consistently highlighted structural inequities affecting Māori, Pacific peoples, women, and disabled and neurodivergent people in construction and infrastructure training. The majority of interviewees acknowledged the importance of addressing equity concerns.

There is a complex relationship between addressing individual support needs and confronting deeper systemic issues of racism, sexism, ableism, and cultural barriers that cannot be solved through funding mechanisms alone.

> *"The current focus is on 'fixing' women and 'fixing' Māori and Pacific so they fit into our current system rather than actually **fixing the system** so that everybody fits, not just your standard tradie. We need to change the shape of the box rather than change people to fit the box."*

The inadequacy of current equity funding was frequently mentioned, with participants noting that equity funding has never met the costs of meaningful interventions.

3.1 Financial barriers

Financial barriers disproportionately affect equity groups in vocational education. Participants identified multiple economic challenges, including training costs, lost income during study, and transportation issues, particularly for rural learners. Learners are often also important contributors to the household income; career changers, people who need an income to support family can't study full-time and the training wage is too low compared to unskilled jobs. In some cases, people have no option but to leave training.

3.2 Gender inequity

Interview participants consistently highlighted the massive underrepresentation of women in the construction industry and related training programs, with some describing the industry as "appalling" at gender diversity in the workforce.

That led some interviewees suggested strategic targeting of incentives. However, a number of interviewees said that funding initiatives focused on training access may be necessary, but that such initiatives alone will be insufficient; there needs to be cultural and structural changes in the industry.

3.3 Māori and Pacific peoples

Note that Māori and Pacific peoples are not homogenous groups, but many comments discussed both together, so the commentary is combined here while acknowledging the rich diversity in and between these communities.

There are systemic barriers that affect Māori and Pacific learners' engagement and success in vocational education. These barriers extend beyond simple access issues; they include cultural responsiveness, recognition of prior learning, and alignment with cultural values and practices.

Many interviewees criticised the current "one-size-fits-all" approach that fails to recognise the diverse learning needs and cultural contexts of Māori and Pacific learners, arguing that "the system, in seeking to be learner-centred, needs to recognise personal identity as well as identities as an employee and a learner."

Some TEOs were identified as positive models providing valuable wraparound support for learners and employers, including pastoral care, mentoring, and connections to additional resources

Several participants emphasised the importance of honouring Te Tiriti principles through resource allocation, governance structures, and success measures.

3.4 Disabled people

Interviewees noted that disabled and neurodivergent learners face significant barriers in vocational education with the funding system providing little additional support. While physical accessibility was discussed, participants also emphasised a lack of information and communication as a major barrier. Several interviewees noted that many TEOs and employers do understand how to support disabled learners, with one interviewee stating that employers see disabled employees as a burden and a cost, recognising that in some cases, it's more expensive to train disabled people.

A recurring theme was the need for job redesign and rethinking competency assessment: "We need to help employers see [that] the way that one person might do the job isn't the only way." Participants noted assessment and learning needs to be designed to be accessible suggesting the use of universal design principles.

Some learners can't afford to pay for an assessment of a learning disability (often a prerequisite for access to support).

Several interviewees said that the work environment isn't a “safe” place for disabled people to identify as disabled and ask for support.

> “*There's a real need for us to build disability confidence of employers, because part of the reason why disabled people and apprentices aren't putting their hand up is their boss and their colleagues may not necessarily have a good understanding of the kind of support needed.*”

Employer contributions and an industry training levy

While some of those interviewed said that industry isn't ready for levies, overall, there was strong support for the introduction of a training levy on industry.

4.1 Support for an industry training levy on employers

Many interviews indicated support for an industry levy as a potential solution, with some interviewees arguing that there is potential for levy discounts to be used as an incentive on employers to engage in training.

There was recognition that, at present, employers see themselves as *users* of the system (as opposed to owners of the system). Interviews suggested that industry levies could be linked to greater industry ownership of the training system. Countries where employers "own" the quality control are more likely to be open to industry levies.

This perspective suggests that increased financial contribution could give industries greater stake in training outcomes, addressing concerns that no-one is looking after the employer or the industry in the current system and that the current system disempowers employers.

Some interviewees suggested that a key argument for levies is their potential to address the persistent issue of "free-loading" on the training system, where employers are incentivised to employ skilled workers trained in other firms in order to avoid the costs of training. That creates a disincentive on employers to invest in training. A levy could create a more equitable distribution of training costs across all employers, including those who benefit from a skilled workforce without contributing to its development.

4.2 Levy implementation

While many interviewees supported a levy, many identified implementation and design challenges. How a levy would be administered could be costly. There would need to be a clear, agreed basis for the charge. These concerns reflect the need for careful design to ensure administrative efficiency and minimise unintended consequences.

A common theme was the importance of targeting levy payments and exemptions appropriately.

Some interviewees discussed the potential for differential impacts, noting that small firms lack economies of scale and may have less financial headroom to pay a levy. That suggests there is a need for the design to account for the different capacities and resources of employers across the size spectrum.

Interviewees emphasised that industry should have control over how levy funds are used to ensure that that the levy revenue is directed to industry-specific training needs and priorities. For instance, a portion of the revenue might support employer capability development, particularly for small and medium enterprises.

Several participants linked training quality to broader employer quality and business practices, suggesting a levy system should promote overall employer quality, not just training provision.

Others cautioned that, in a cyclical industry like construction, any levy system would need a design that is sensitive to economic conditions and business viability.

Provider needs

TVET providers navigate multiple competing pressures: financial sustainability, maintaining educational quality, a lack or certainty in funding, accountability measures that are not fit for purpose. They make choices between market-driven and quality-focused delivery models. These tensions significantly impact providers' ability to deliver effective training while maintaining financial viability, investing in innovation, and meeting diverse learner needs.

5.1 The funding model – financial sustainability

Interviewees pointed out that TVET providers need to maintain financial viability by maintaining high enrolment numbers while simultaneously ensuring educational quality. Because provider revenue depends on enrolment numbers and because providers can benefit from economies of scale, they have a strong incentive to prioritise student numbers – sometimes risking quality.

Most government funding of providers is delivered as bulk funding. This gives providers the autonomy to allocate funds on the basis of managers' perception of strategy and need. It allows the cross-subsidisation of smaller, specialised courses that are vital for industry but not financially viable independently; it enables providers to invest in innovation, research, and quality improvement initiatives, develop new curriculum and teaching approaches and maintain learner support services.

However, from the industry perspective, there's often an expectation that funding nominally allocated for specific training areas should be spent directly and transparently on those areas. When providers make strategic decisions about resource allocation that don't align with this expectation, industry stakeholders may perceive this as providers misusing funds intended for "their" training.

This misalignment creates challenges for providers who must balance strategic financial management with maintaining stakeholder trust. The perception that providers aren't directing funding toward its nominal purpose can erode industry confidence in the system, even when providers are making legitimate decisions to maintain overall quality and sustainability.

Interviewees told us that resource constraints impact providers' ability to deliver industry-relevant training with current equipment and technology. The gap between available resources and actual requirements creates difficult trade-offs between different aspects of provision.

Interviewees also reported that the funding structure can create perverse incentives in delivery mode selection. In particular, the disparity in funding rates between workplace-based learning and provider-led delivery means that delivery might be where funding is greatest rather than what industry needs.

5.2 The structure of the funding system

The short-term nature of funding creates significant planning challenges for providers. Interviewees complained that funding is too short term, creating barriers to change. While funding is notionally tied to three-year investment, those plans don't come with three years of funding; in practice, the system treats funding as annual and that, we were told, stifles innovation. There can be in-year funding claw backs that create major problems for providers.

This misalignment between funding cycles and necessary planning horizons makes it difficult for providers to make strategic investments or align with industry workforce needs.

5.3 Staffing providers

One of the greatest challenges is the ability of providers to employ the best tutors who can commend higher remuneration in industry.

> *"We've got a lack of experienced people. So how do we value experience and how do we fund experience.*"

These staffing challenges impact training quality and the ability to support diverse learner needs. The competition with industry for qualified personnel creates an expertise gap in training delivery.

Another concern is the availability of the training advisors, with some interviewees saying that workplace-based learners make progress when the advisor arrives, but that training advisors don't call often enough.

5.4 Funding and innovation

Interviewees reported that providers face significant barriers to innovation; the funding system is focused on maintaining basic operations, not funding innovation. Interviewees told us that the bureaucratic processes of the government agencies stifle innovation – although we also heard that learners are less interested in innovative approaches.

These perspectives highlight a complex challenge: while providers theoretically have flexibility within the bulk funding model, financial constraints and limited demand for innovation create practical barriers to developing new approaches.

Interviewees' comments suggest that innovation requires a coordinated ecosystem approach that extends beyond individual providers. However, the fragmentation of the system creates structural barriers to systematic innovation.

5.5 Alignment of training with future needs

Providers can't train for future needs without more certainty in the national infrastructure pipeline. Information gaps about future workforce needs limit providers' ability to plan effectively.

If government and industry could set out a secure pipeline of future work over a longer time period, providers could plan more effectively.

5.6 Supporting learners

Interviewees emphasised the challenges for TVET providers of supporting support an increasingly diverse learner population within the current funding system. For example, training a person with disabilities is more resource intensive. There are difficult trade-offs between expected support and available resources. It was noted that may struggle to identify what support they need or to discover what supports are available.

Providers face significant challenges addressing fundamental skill gaps. Literacy and numeracy are particular problems but are not cheap to fix; providers must allocate substantial resources to foundation skills development, often without adequate funding recognition or clear evidence of effective approaches.

The interviews reinforced the need for learner wellbeing in training. Effective vocational education requires comprehensive support systems beyond just technical training. The interviews also identified the importance of holistic learner support.

Detailed findings

This section of the report presents the analysis of the key informant interviews that informed the overview section above. It is organised into a series of questions that reflect the interview approach.

1. Whose needs should drive the VET system?

One of the most significant tensions in vocational education emerges from the interplay between industry and learner needs. With extensive discussion across the interviews, this represents a fundamental challenge in the system. At its core lies a critical question: whose needs should drive the vocational education system: immediate industry demands or learner career development?

One interviewee explained the current state noting that, in theory, the system aims to serve learner needs with the assumption that learner choices will naturally align with industry demands through market forces. This theoretical model assumes learners, acting in a sensible manner, will make educational choices that align with labour market demands, creating a system meeting both individual career aspirations and industry workforce needs. However, that same interviewee (and many others) revealed significant complexities and contradictions in this approach.

Industry and regulatory perspectives dominate many discussions, participants also highlighted tensions between these perspectives and the needs of learners themselves.

1.1 Industry needs

Qualifications do not provide assurance of competence

A point made in a number of interviews was the that qualified does not mean competent. As one participant noted having the qualification doesn't mean you have the skills employers need and another there's a disconnect between the qualifications offered and the skills employers are looking for.

This observation points to a critical gap between formal qualification attainment and actual workplace capability. Interviewees expressed frustration that qualification frameworks sometimes prioritise academic knowledge over practical competence, creating graduates who possess credentials but lack job-ready skills.

A specific area where qualification-competency gaps were noted involved health and safety knowledge. Multiple participants mentioned that education and training system doesn't do health and safety well. One participant specifically noted that health and safety is treated as a tick box with very little actual learning of what they need, highlighting that the training approaches are insufficient for developing real competency in this critical area.

This concern is particularly significant for the construction and infrastructure sector, where workplace safety is paramount.

Future skills vs the immediate need

A substantial tension exists between training for immediate job needs versus preparing learners for future industry developments. Participants noted that technological change, sustainability requirements, and evolving building practices require a workforce with adaptable skills beyond current job specifications.

One participant observed that "training isn't future focused, because it's too expensive to rewrite training programmes, resources, and upskill trainers". Several interviewees expressed concern that we seem to be always continually behind and we're not well prepared for what the skills of the future are needed and that

qualifications can't keep up with changing technology was repeated across multiple interviews.

These comments highlight how funding constraints directly impact the system's ability to balance immediate needs with future preparation.

1.2 Learner needs

Information for learners

Many interviewees questioned whether learners have access to the information necessary to make well-informed choices that would align with current and future industry demands (and that industry often lacks the information to predict demand).

- We seem to be always continually behind and we're not well prepared for what the skills of the future are needed
- A long-term infrastructure pipeline is needed to train for what we're going to need
- workforce planning is driven by current shortage rather than long-term need

This information gap undermines the theoretical model of learner choice leading to industry alignment.

Multiple interviewees pointed to systematic bias in career guidance that steers learners away from high-demand trades:

- Careers advice is bias towards university
- Secondary schools need to provide more comprehensive careers advice
- Careers aren't shown in secondary schools
- Occupational stereotypes are an issue (especially university vs VET)

As one participant noted, this creates a disconnect where fields with significant workforce shortages remain undersupplied with graduates despite offering strong employment prospects.

Learning design and delivery

Interviewees identified instances where training design and delivery failed to meet learner needs:

- Training offered doesn't meet the need of apprentices (on campus)
- We need to focus on what's best for the learner, not what's best for the institution
- System that accounts for industry needs and learner needs and employer needs

These comments reflect a tension between learning design that serves institutional efficiency versus designs that optimise learner success. One participant explicitly stated: "If we want this to work well and be strong within industry and there is enough business to do this to be really strong, we've got to work in partnership together and work out what's the best for that particular learner and not put up barriers to seamless movement from one thing to the other if they need to".

Many participants advocated for more genuinely learner-centred approaches that would better serve both individual needs and industry requirements:

- We need to treat people as individuals
- Need for different structures of delivery so learners have options

- Flexibility is important so that the learner can get the mode of training they need
- More and targeted pastoral care is needed
- WBL learners need to be adequately supported to complete their qualification
- Numeracy and literacy should be embedded in the qualification.

1.3 System barriers

Government organisations and frameworks

While some of those interviewed noted that Waihanga Ara Rau understands their industry, a recurring concern raised by participants was the perception that those making funding and regulatory decisions lack sufficient understanding of industry realities: decision makers don't understand the industry. Participants highlighted that the funding system is not well aligned with industry needs and funding model supports what people will enrol in, not what industry needs.

This disconnect creates friction when regulations and funding mechanisms fail to align with industry practices or priorities.

Participants consistently identified challenges with the flexibility and responsiveness of the NZQA qualification framework:

- Part of the problem is that the NZQA framework doesn't meet industry needs and is too slow to adapt
- There is no flexibility or agility in the current qualifications system
- The qualification development and approval system is too slow
- Qualifications aren't fit for purpose anymore.

This lag between industry change and qualification updates creates significant challenges for education providers attempting to deliver relevant training while maintaining compliance with regulatory requirements.

A fundamental tension exists between allowing for innovation and maintaining consistent standards:

- National standards-based model prevents innovation (and is incredibly slow to change)
- Some qualifications where national consistency makes sense, and some where it doesn't
- System doesn't support innovative approaches to training
- It's quite difficult to be innovative with qualifications.

This highlights the challenge of designing regulatory frameworks that maintain quality standards while enabling responsive innovation.

Participants highlighted how compliance requirements create an administrative burden that diverts resources from education delivery:

- Issues with qualifications required for trainers
- TEC and bureaucracy kill innovation
- Too many players in the mix for getting qualifications changed.

These comments reflect a perception that regulatory mechanisms designed to ensure quality may, in fact, undermine it by consuming resources that could otherwise be directed toward educational improvement.

Participants highlighted how different stakeholders prioritise different outcomes:

- The system is driven by credits and enrolments instead of outcomes
- Incentivising enrolment does have risks of driving enrolment for the wrong reasons
- Funding system is based on credits reported, and providers are incentivised to pass people.

These comments indicate that funding mechanisms may inadvertently create misaligned incentives across the system.

Some participants challenged the notion that the system is genuinely designed around learner choice, pointing to structural constraints that limit responsive provision:

- Inflexibility of funding system is a big weakness
- Current funding system is inflexible
- Funding needs to be targeted at specific skills/workforce shortages.

As one participant noted, these constraints mean that even when learners and industry align in their demands, the system may be unable to respond effectively.

1.4 A balanced view

Many interviewees suggested moving beyond viewing learner and industry needs as competing priorities, instead advocating for integrated approaches:

- The system should account for industry needs and learner needs and employer needs
- *"If we want this to work well and be strong within industry and there is enough business to do this to be really strong, we've got to work in partnership together and work out what's the best for that particular learner and not put up barriers to seamless movement from one thing to the other if they need to"*
- All parts of the sector (industry, providers, iwi etc) need to be communicating and working towards the same goal
- The industry-provider relationship needs to be focused on the learner.

These perspectives suggest that the most effective system would explicitly recognise and balance multiple stakeholder needs rather than assuming they will naturally align through market mechanisms.

Technical and transferrable skills

Interviewees acknowledged the challenge of balancing technical, job-specific skills with broader transferable competencies. Multiple participants highlighted that

- Interpersonal/soft skills needed and the lack of them in the workforce is a key barrier to productivity
- Soft skills are important to succeeding in training
- Non-technical skills are what is important.

One participant emphasised that qualifications system needs to move away from siloed training (new

tradies need a range of skills from other trades) (Interview 134) and another noted that people with transferable skills and cross-trade skills provide you with a more stable, adaptable resilient workforce.

Several participants identified issues with recognition of prior learning (RPL) processes, noting that it is underutilised.This represents a missed opportunity to acknowledge existing competencies while ensuring quality standards. One participant specifically mentioned the funding regime disincentivises RPL and advocated to get people qualified, but don't make them take credits in things they already know.

Work-Based Learning as an avenue for a more balanced view

A significant focus in the interviews was the importance of work-based learning and its integration with academic learning.

Numerous participants emphasised the critical role of work-based learning:

- WBL is vital in VET
- Most learning is done by doing in the trades
- More WBL will increase productivity
- More WBL is needed in degree level VET

One participant articulated: "Work-integrated learning allows for an overlap where students simultaneously acquire academic knowledge and workplace skills. This not only accelerates their professional readiness but also results in a more capable graduate."

Despite its importance, participants identified several challenges in implementing effective work-based learning:

- There's a difficult balance between doing long days learning on the job and completing assessment material
- WBL is often asking learners to study on top of a full-time plus overtime job
- The training experience is quite different depending on which employer trained them
- Barriers to WIL includes mistrust that workplace can deliver same outcomes as provided-based learning.

Participants highlighted the need for better integration of various learning modes:

- Better integration work-based learning with academic learning
- Integrating WBL and on campus learning: it needs integrated assessment
- Funding should support multi-modal learning (on job, in classroom, on line)
- Being able to shift from on campus to on the job is important
- Need different structures of delivery so learners have options.

One participant specifically noted the importance of assessment in integration: "It's really important that we understand how assessment can be used to create integration and demand it."

Learners need clear pathways into and through our sectors

Many participants emphasised the need for clearer pathways through education and into careers:

- Clear pathways are important

- Pathways are important
- Learners often complete programs without a clear understanding of their next steps
- Need better career pathways.

One participant suggested more seamless transition/alignment from secondary school to vocational education and noted that ITPs need to be hooked into their communities, including surrounding high schools.

Several participants highlighted that training should support longer-term career development:

- Leadership skills are needed
- Leadership should be embedded in the qualification
- Apprenticeship training often doesn't provide leadership training and career pathway development
- Having employment aligned with career goals is far more beneficial to learners
- The skills you need at graduation in your first job are not the same as the life-long skills you will need.

1.5 Implications for funding systems

The interconnected tensions between learner and industry needs, and the interplay of government and provider frameworks suggests several implications for funding system design:

1. Develop funding governance that meaningfully includes industry, learner, and provider voices. As one participant noted, industry needs to have a say in the system and what is funded and another argued system governance needs reflect the perspectives of industry leaders, educators, employers and community groups.
2. Fund robust, accessible labour market information systems that provide learners with accurate data on current and projected workforce needs.
3. Invest in comprehensive, unbiased career guidance that presents accurate information about diverse pathways, including trades and technical careers.
4. Consider shifting from qualification completion to demonstrated competency as a funding metric. Several interviewees pointed to success measures such as core capability of those coming into the workforce and match between skills needed and skills qualification provides.
5. Consider shifting funding to measures that support clear career progression pathways such as measuring employment and industry retention as an outcome.
6. Fund more responsive qualification development and updating processes. Participants consistently noted that we need to develop qualifications in a timely way and that qualifications can't keep up with changing technology.
7. Develop funding mechanisms that reward learning experiences and outcomes that learners value. One participant suggested measuring whether the student got the learning they needed (instead of qualification completion), and another noted some students want the learning, not the qualification.
8. Create specific funding mechanisms for innovative approaches.

9. Develop funding approaches that reward effective recognition of prior learning.
10. Incentivise deeper collaboration between industry and education providers. Participants suggested that strong industry voice in qualification development is vital and partnerships between providers and individual firms to provide bespoke programmes work well.
11. Develop funding models that better support work-based learning. As participants noted: we need a good level of service from the provider (ITO or WBL) to the employer (employer support and WBL learners need to be adequately supported to complete their qualification.
12. Ensure funding for the development of skilled trainers. As one participant asked: "*We've got a lack of experienced people. So how do we value experience and how do we fund experience* [especially trainers]" and another noted that having expert teachers who are trained in how people learn is critical.

2 Learner equity

The VET funding system faces significant equity challenges and systemic barriers. Interviews consistently highlighted structural inequities affecting Māori, Pacific peoples, women, and disabled and neurodivergent individuals in construction and infrastructure training (while there are undoubtedly other groups for whom inequity exists, discussion was limited in the interviews and isn't included in this analysis).

While some participants criticised the system for being too "woke", the majority of the interviewees acknowledged the importance of addressing equity concerns. The discussions demonstrate the complex relationship between addressing individual support needs and confronting deeper systemic issues of racism, sexism, ableism, and cultural barriers that cannot be solved through funding mechanisms alone. One interviewee noted: "The current focus is on 'fixing' women and 'fixing' Māori and Pacific, so they fit into our current system rather than actually fixing the system so that everybody fits, not just your standard tradie. We need to change the shape of the box rather than change people to fit the box" (Interview 134).

A fundamental tension emerged between providing immediate learning support versus implementing deeper structural changes to the education system. While participants acknowledged the importance of support services, they consistently emphasised more profound structural issues requiring systemic solutions. Multiple interviewees noted that institutional and structural racism are part of the problem (Interview 116) and that the current funding system reinforces existing gender inequities and ethnicity inequities stating that "our current funding system is designed based on inequities and the only way to address those inequities is to start from scratch rather than try to push band aids on them" (Interview 134).

The inadequacy of current equity funding was frequently mentioned, with participants noting that equity funding has never met the costs of meaningful interventions (Interview 2, Interview 115).) and that lack of inflation adjustment in equity funding further eroded ability to do much with it (Interview 2).

One participant advocated for a longer-term perspective: "education should take a more longitudinal view. we're talking about things that might affect intergenerational poverty" (Interview 115), highlighting the need for systemic approaches rather than short-term fixes.

2.1 Financial barriers and funding inequities

Financial barriers disproportionately affect equity groups in vocational education. Participants identified multiple economic challenges, including training costs, lost income during study, and transportation issues,

particularly for rural learners.

Learners are often also a necessary contributor to the household income and the training wage is too low compared to unskilled jobs resulting in people leaving training (Interview 121). This economic reality creates significant pressure, with some recommending the need to pay apprentices at least the minimum wage in their first year (Interview 1). For rural learners, additional challenges exist, with interviewees noting the need for targeted support for them (Interview 109).

The funding system's failure to account for delivery costs in priority areas was highlighted: the funding system ignored costs of delivery to priority areas and groups such as rural delivery (Interview 2) This omission is compounded by the fact that rural class sizes are constrained in ways urban classes aren't and providers to these communities can’t achieve economies of scale (Interview 2).

The design of the funding system with it’s focus on enrolments leaves some learners with a student loan but no qualifications (Interview 109), potentially leaving vulnerable learners in worse financial positions if they don't complete their studies.

Multiple participants emphasised that access to work-based learning is an equity issue because they can earn while they learn (Interview 107), noting that career changers, people who need an income to support family can't study full-time with no income (Interview 109).

2.2 Gender inequity

Interview participants consistently highlighted the massive underrepresentation of women in the construction industry and related training programs. One participant noted there are very few women in the profession, or training for the profession (Interview 4). Another described the industry as appalling at gender diversity in the workforce (Interview 113).

One participant observed that women are only valued when they're the mother hen who supports men, or changes their behaviour (double duty) further noting that women in the trades haven't gone into the sector to be a social worker or a counsellor (Interview 134).

Some interviewees suggested strategic targeting of incentives. For example, they suggested we could be more targeted in those receiving apprenticeship boost in terms of who do we want to be in those sectors (i.e., women, Māori and Pacific peoples) (Interview 134).

However, a number of interviewees highlighted the inability for funding mechanisms alone to address gender inequity. Changes to workplace culture is also needed. Multiple participants emphasised the need for a supportive and safe workplace for women (Interview 4), with specific references to sexual harassment and inadequate responses to requests for help. Participants reported that industry culture is terrible (Interview 112) and we can improve retention by changing workplace culture and by changing workplace norms (Interview 130). Some noted that white males aren't going to be successful in selling the career to Māori, Pacific people and women (Interview 113).

There was significant concern about tokenism, with one participant noting the need to avoid tokenism (Interview 4) and another describing risks in equity funding where people play the system (e.g., gender hires for funding, but women told not to come onto the worksite) (Interview 134 this was an international example).

These concerns indicate that funding initiatives focused on training access may be necessary, but will be

insufficient without corresponding cultural and structural changes within the industry.

2.3 Māori and Pacific peoples

Please note that Māori and Pacific peoples are not homogenous groups, but many comments discussed both together, so commentary is combined here while acknowledging the rich diversity in and between these communities.

Significant systemic barriers affect Māori and Pacific learners' engagement and success in vocational education. These barriers extend beyond simple access issues to include cultural responsiveness, recognition of prior learning, and alignment with cultural values and practices.

Many participants critiqued the current "one-size-fits-all" approach that fails to recognise the diverse learning needs and cultural contexts of Māori and Pacific learners. One participant noted the system focuses on broader needs of the population rather than individual needs or needs of a particular group (Interview 106).

An important insight was the recognition that "personal identity does not end when learners, particularly Māori, move into an employment setting. As a result, the system in seeking to be learner-centred needs to recognise personal identity as well as identities as an employee and a learner" (Interview 106).

Multiple interviewees noted that smaller businesses owned by Māori and Pacific peoples often lack resources to fully support skill development and progression of their workforce (Interview 106), and that some of these SMEs are invisible from the system, “operating out of the car boot" (Interview 132). This creates additional challenges for learners working in these contexts.

Some providers were identified as positive models providing valuable wraparound support for learners and employers, including pastoral care, mentoring, and connections to additional resources (Interview 106).

Several participants emphasised the importance of honouring Te Tiriti principles through resource allocation, governance structures, and success measures (Interview 123).

2.4 Disabled people

Interview participants identified significant barriers facing disabled and neurodivergent learners in vocational education with the funding system providing little additional support (Interview 3).

While physical accessibility was mentioned, participants emphasised that the lack of information and communication was a major barrier (more so than physical access) (Interview 128). Several interviewees noted that both providers and employers lack understanding about how to support disabled learners, with one stating that employers see disabled employees as a burden and a cost (Interview 3).

A recurring theme was the need for job redesign and rethinking competency assessment: "We need to help employers see the way that one person might do the job isn't the only way" (Interview 3). Participants noted assessment and learning needs to be designed to be accessible suggesting the use of universal design principles (Interview 128).

Financial barriers were also emphasised, with participants noting that learners can't afford to pay for the assessments needed (of their learning disability) in order to be able to access support (Interview 128) and

that the reality is that sometimes it's more expensive to train disabled people, but that training still needs to be funded (Interview 3).

The workplace environment was frequently described as unsafe for disclosure: the work environment isn't a safe place for disabled people to “put their hand up” and identify as disabled and ask for support (Interview 128). As one participant explained: "There's a real need for us to build disability confidence of employers, because part of the reason why disabled people and apprentices aren't putting their hand up is their boss and their colleagues may not necessarily have a good understanding of the kind of support needed” (Interview 128).

Several participants noted the potential benefits of greater disability inclusion, with one stating that "fresh ideas, fresh people in the workforce, including disabled people, promotes innovation" (Interview 3) and another observing that understanding disability can positively impact revenue (Interview 5).

2.5 Implications for funding systems

The prevalence of equity concerns across interviews points to several key principles for redesigning the vocational education funding system:

1. Funding mechanisms need to be designed to ensure equitable success rates and employment outcomes, with an emphasis on accountability. Equity targets on their own aren't enough: you need a change of behaviour from all parts of the system (Interview 120). We should measure value add, not educational or even employment outcomes (Interview 102) The system requires embedded accountability measures across all funding mechanisms (including government procurement) for equity outcomes rather than treating equity as a separate consideration.
2. Funding should incentivise industry-led initiatives to transform workplace cultures, particularly regarding gender equity, disability inclusion, and cultural responsiveness. Workplace culture needs to change to support equity objectives (Interview 118).
3. Funding approaches should promote universal design in both learning environments and assessment methods to support disability inclusion, recognising that accessibility is everyone's problem, not just 'support services' (Interview 128).
4. Addressing intersecting forms of disadvantage requires more sophisticated funding approaches:

   If we're serious about driving social change, we need to rethink how funding is structured. A more flexible funding system could support institutions in creating programmes that are responsive to learners' needs, allowing for staggered start dates, modular learning, or extended timeframes for completion (Interview 117).
5. The funding system should incentivise learner-centred support. It's important to recognise the learner in their own space at the time and “*focus on the learner, prioritise the learner, ensure that the learner has all the resource. And at the same time as you're prioritising the learner, put the money in that direction so you have the equity funding and ensure that the collective government agencies are doing their right parts*” (Interview 123).
6. Funding systems must acknowledge cultural priorities.

   [For Pacific learners] *“It's family then church and then paid work. And then the learning and training*

is probably 4th rank and you have to recognise and take into account those first 3 priorities" (Interview 124).

3 Employer contributions (industry levy)

While some of those interviewed said that industry isn't ready for levies, these comments were predominantly for those from industry. But there was strong support for the introduction of a training levy on industry.

Interviewees discussed existing support mechanisms, particularly the Apprenticeship Boost:

- The Apprenticeship Boost has been useful but still you need the right person if you're taking them on for four years (Interview 101)
- The current funding model doesn't support the employer (apprenticeship boost blunt instrument) (Interview 107)
- Apprenticeship boost may or may not be used to support the learner (Interview 107)
- Apprenticeship boost incentivises people to take on experienced apprentices, not new ones (Interview 113)
- Concern that employers will only keep employees until the subsidy runs out (Interview 4)

These perspectives indicate limitations in current approaches that a levy system might need to address.

3.1 Support of an industry levy

Multiple interviews indicated support for an industry levy as a potential solution:

- Industry is ready for an industry levy (Interview 101)
- Supportive of an industry levy if those training were exempt (Interview 4)
- A levy on business owners who don't train is needed (Interview 113)

This readiness appears to stem from recognition that the current system has limitations in promoting industry-wide responsibility for training, with one participant noting that employers in NZ see themselves as users of the system (as opposed to owners of the system) (Interview 104).

Interviews suggested that industry levies could be linked to greater industry ownership of the training system:

- Industry needs to 'own' innovation (Interview 101)
- Countries where employers own the quality control are more likely to be open to industry levies (Interview 104)
- Industry levy needs to come with ability for industry to have quality control (Interview 104)

This perspective suggests that increased financial contribution could give industries greater stake in training outcomes, addressing concerns that no-one is looking after the employer or the industry in the current system (Interview 101) and that the current system disempowers employers (Interview 101).

A key argument for levies is their potential to address the persistent issue of free-riding and poaching that disincentivises employer investment in training:

- Free riders are an issue (Interview 101)
- Risk of freeloading (poaching qualified staff) that industry levy might address (Interview 107)
- Risk that ROI in training isn't realised by the organisation doing it (Interview 107)
- Poaching is a huge issue (Interview 130)

Industry levies could create a more equitable distribution of training costs across all employers, including those who benefit from a skilled workforce without contributing to its development.

3.2 Comments on levy implementation

Participants identified several practical challenges for implementing an industry levy:

- Industry levy challenges: who takes the levy, how is it administered, what is it charged on? (Interview 109)
- Administration of a training levy is costly (Interview 102)

These concerns reflect the need for careful design to ensure administrative efficiency and minimise unintended consequences.

A common theme was the importance of targeting levy payments and exemptions appropriately:

- Supportive of an industry levy if those training were exempt (Interview 4)
- Concern that workplace levy doesn't help the right people, that it helps those who don't need it (Interview 110)

Interviewees suggested that employers actively engaged in training should be recognised, reflecting the principle that a levy should incentivise training provision rather than simply generate revenue.

The potential for differential impacts across business sizes was a significant concern:

- Ensure that it doesn't advantage/disadvantage small/medium employers or tier 1s (Interview 107)
- Small industries don't get the economies of scale (Interview 107)
- Big firms are getting funding for in house training: disadvantages small firms (Interview 106)
- Small firms don’t have the capability to train and shouldn’t do so (Interview 124)

These perspectives highlight the need for a levy system that accounts for the different capacities and resources of employers across the size spectrum.

Interviewees emphasised that industry should have control over how levy funds are used:

- Industry should have input into how the levy is spent (Interview 4)
- Industry levy should directly support training in their industry (e.g. improving capital equipment, better tutors, better resources) (Interview 113)

This control was seen as essential for ensuring that funds address industry-specific training needs and

priorities.

A levy alone would be insufficient without addressing capability gaps among employers:

- Invest in uplifting capability of employers (Interview 101)
- Provide HR support to manage apprentices (Interview 1)
- On job training requires pastoral care (Interview 1)
- WBL doesn't fund employers and they're supposed to teach (Interview 104)

These perspectives suggest that a portion or levy funds might need to support employer capability development, particularly for small and medium enterprises.

Interviewees connected levy contributions to quality control and standards:

- Industry levy needs to come with ability for industry to have quality control (Interview 104)

This reflects a perspective that financial contribution should be paired with accountability for quality outcomes.

Several participants linked training quality to broader employer quality and business practices:

- A good business owner will always have an apprentice (Interview 133)
- A good business should have capacity for apprentices to take time to learn (Interview 133)
- The funding system also needs to create good employers (Interview 132)
- The funding system also needs to create safe work environments (incl mental wellbeing) (Interview 132)

These comments suggest that a levy system should promote overall employer quality, not just training provision.

Economic realities affect the feasibility of levy implementation:

- Challenges for employers to take on apprentices in difficult economic times (Interview 2)
- Low profit margins in NZ make a levy a higher burden (Interview 130)

These constraints highlight the need for a levy system that is sensitive to economic conditions and business viability.

Participants suggested alternative support approaches that could complement a levy:

- The first 200 hours of WBL are the hardest for the employer so they should be funded for those (Interview 110)
- Employer incentives should be a rebate rather than a payment upfront (Interview 130)
- Wraparound model of support is a significant incentive for employers to engage in training (Interview 106)
- We need to incentivise both the learner and the employer (eg apprenticeship boost needs to go hand in hand with learner support (TTAF) (Interview 107)

These suggestions reflect a desire for more tailored and effective support mechanisms.

Fair compensation was identified as crucial for recruitment and retention:

- You can't attract people if you pay shit money (Interview 1)
- Need to pay apprentices at least the minimum wage in their first year (Interview 1)
- By the final year, apprentice is often better than some older tradespeople and should be compensated accordingly (Interview 1)
- Pay needed for retention (Interview 1)

These perspectives suggest that a levy system should consider how it affects apprentice compensation and retention.

Small employers were identified as needing specialised support:

- Support for smaller businesses to support apprentices: eg paid opportunities for apprentices to complete the theory outside of working hours (eg evening sessions with food provided) (Interview 106)
- Small industries don't get the economies of scale (Interview 107)

This suggests that a levy system might need include targeted provisions for small employers.

3.3 Implications for funding systems

Based on the interview data, several key principles emerge for designing an industry levy-centred funding approach:

1. Design a levy system that balances the expectation that industry should pay 20% of training costs (Interview 102) with recognition of varying employer capacities.
2. Create exemption mechanisms for employers actively engaged in quality training (Interview 4).
3. Ensure industry has meaningful control over levy fund allocation and quality standards (Interview 104).
4. Implement graduated or proportional levy structures that don't disadvantage small employers (Interview 107).
5. Allocate a portion of levy funds to employer capability development, particularly for small and medium enterprises (Interview 101).
6. Integrate measures to improve overall employer quality and workplace conditions (Interview 132).
7. Maintain targeted complementary support mechanisms alongside a levy, recognising that need to incentivise both the learner and the employer (Interview 107).
8. Build in flexibility to adjust levy requirements during economic downturns, acknowledging the impact of the economic cycle on training volumes (Interview 2).
9. Establish efficient, transparent administration systems to minimise costs and complexity (Interview 109).

4 Provider needs

This section highlights that providers are navigating multiple competing pressures: financial sustainability, maintaining educational quality, a lack or certainty in funding, accountability measures that are not fit for purpose, and are having to make choices between market-driven and quality-focused delivery models. These tensions significantly impact providers' ability to deliver effective training while maintaining financial viability, investing in innovation, and meeting diverse learner needs.

4.1 Financial sustainability

Enrolment numbers vs qualify education

Providers consistently report tensions between enrolment-driven funding and quality education:

- Quality assurance could be compromised by the need for student numbers (Interview 109)
- Training should focus on quality not quantity (Interview 4)
- Bums on seats model is not sustainable (Interview 123)
- Risk of incentivising enrolment for the wrong reasons. (Interview 107)
- Training providers are driven by corporate financial outcomes (Interview 113)

These comments reflect providers need to maintain financial viability through sufficient enrolment numbers while simultaneously ensuring educational quality. This enrolment-driven model can lead to compromised quality as providers prioritise student numbers to meet financial targets.

Bulk funding

A significant tension exists between the flexibility bulk funding provides to providers and industry expectations about how that funding should be allocated:

- Bulk funding results in a lack of investment in what it's nominally funding for (Interview 4)
- Bulk funding should allow providers to be innovative in their provision, and it should provide flexibility (Interview 104)

This tension reflects different perspectives on the purpose of bulk funding.

From the provider perspective, bulk funding serves multiple essential purposes:

- Strategic allocation across different programs based on evolving needs
- Cross-subsidisation of smaller, specialised courses that are vital for industry but not financially viable independently
- Investment in innovation, research, and quality improvement initiatives
- Development of new curriculum and teaching approaches
- Maintaining comprehensive support services that benefit all learners

From the industry perspective, there's often an expectation that funding nominally allocated for specific

training areas should be spent directly and transparently on those areas. When providers make strategic decisions about resource allocation that don't align with this expectation, industry stakeholders may perceive this as providers misusing funds intended for "their" training.

This misalignment creates challenges for providers who must balance strategic financial management with maintaining stakeholder trust. The perception that providers aren't directing funding toward its nominal purpose can erode industry confidence in the system, even when providers are making legitimate decisions to maintain overall quality and sustainability.

Cross-subsidisation

Providers employ various strategies to address funding inadequacies:

- The long-standing issue in New Zealand's funding system is that it's always relied on really significant cross subsidisation (Interview 124)
- Degree level funding has built in cross-subsidies but there are limits to what they can afford to cross subsidise. (Interview 110)
- Being able to attract international students provide more financial stability (but not everyone can) (Interview 131)
- The current funding model relies on an institution having large undergraduate classes that cross subsidises niche and postgraduate training, and research (Interview 131)

These approaches, while necessary under current funding models, create complex internal financial management challenges and potentially hide the true costs of quality provision. The reliance on cross-subsidisation is especially problematic as it creates unpredictable funding streams for specialised training areas and can further exacerbate transparency concerns from industry stakeholders.

Economies of scale

Providers face economic realities that push toward consolidation:

- The system needs consolidation of providers (Interview 113)
- Economies of scale are important for financial sustainability (Interview 131)
- Volume is a huge driver for what gets delivered (Interview 110)

These comments highlight how market forces drive provider decision-making, potentially at the expense of specialised, high-quality training in lower-volume areas. The emphasis on economies of scale creates pressure toward standardisation rather than customisation.

Sufficiency of funding

Providers consistently report inadequate funding for essential resources:

- Providers don't have the equipment to provide the training for new technologies (Interview 113)
- Providers struggle with keeping equipment current (Interview 124)
- Significant increases in funding are needed (Interview 114)
- There's not enough funding (Interview 115)
- Bulk funding results in a lack of investment in what it's nominally funding for (Interview4)

These resource constraints directly impact providers' ability to deliver industry-relevant training with

current equipment and technology. The gap between available resources and actual requirements creates difficult trade-offs between different aspects of provision.

4.2 Qualified trainers

Perhaps the most significant challenge for providers is staffing:

- How do you attract good teachers when they get paid a lot more in industry? (Interview 112)
- “We've got a lack of experienced people. So how do we value experience and how do we fund experience [especially trainers]?" (Interview 125)
- Demand driven (student support driven) needs significantly more staff (Interview 6)

These staffing challenges directly impact training quality and the ability to support diverse learner needs. The competition with industry for qualified personnel creates a persistent expertise gap in training delivery.

4.3 Delivery mode funding disparities

Providers report that funding structures create perverse incentives in delivery mode selection:

- Disparity in funding rates between WBL and Provider based means that delivery might be where funding is greatest rather than what industry needs (Interview 107)
- Some WBL isn't as expensive as Provider based (Interview 107)
- Block courses with the presence of a tutor makes a big difference (Interview 108)
- When the training advisor arrives, that's when the trainees make progress, but it's not often enough (Interview 108)

These comments demonstrate how funding disparities between different delivery modes can distort provider decision-making, potentially leading to delivery choices based on financial rather than pedagogical considerations.

4.4 Impact on innovation and research

Providers face significant barriers to innovation:

- TEC and bureaucracy kill innovation (Interview 101)
- The funding system is focused on maintaining basic operations, not funding innovation (Interview 114)
- Current system is anti-innovation (Interview 118)
- Funding system stifles innovation (Interview 2)
- Funding model doesn't support or facilitate innovation (Interview 103)
- Bulk funding should allow providers to be innovative in their provision, and it should provide flexibility (Interview 104)

- Providers have flexibility to respond to learner demand, but learners aren't demanding innovation (Interview 104)

These perspectives highlight a complex challenge: while providers theoretically have flexibility within bulk funding models, financial constraints and limited demand for innovation create practical barriers to developing new approaches. The focus in maintaining basic operations leaves little capacity for meaningful innovation.

Stakeholders identified systemic gaps in research and innovation:

- Centres of excellence in training should be where innovation happens (Interview 105)
- More coordination of research needed (Interview 105)
- Hard to bring in innovation with so many small firms/sole traders (Interview 105)
- Need research about what the job might look like in the future (Interview 3)

These comments suggest that innovation requires a coordinated ecosystem approach that extends beyond individual providers. The fragmentation of the industry and training system creates structural barriers to systematic innovation.

4.5 Support systems for learners

Those interviewed emphasised the challenges of supporting learners with diverse needs:

- Funding model doesn't provide additional support to people with disabilities (Interview 3)
- Sometimes it's more expensive to train disabled people and that needs to be funded. (Interview 3)
- Funding system doesn't work well: especially for neurodivergent (Interview 5)
- There has to be sufficient funding for a provider to be able to provide the additional support needed (Interview 124)
- Funding for learning support should be based on individual need (Interview 125)

These perspectives highlight that providers are expected to support increasingly diverse learner groups without corresponding funding adjustments. The gap between expected support and available resources creates difficult trade-offs.

Stakeholders identified the importance of holistic learner support:

- Support systems: it's hard for individuals to find these on their own (eg they might struggle to find what loans and allowances are available to them) (Interview 5)
- Customisation for individual needs, including in assessment (Interview 5)
- Individual self-assessment: what do I need from the system, the employer and myself? (Interview 5)
- Additional layers of support (eg pastoral care, financial support, training navigation) (Interview 6)
- Wellbeing is important in the training (Interview 6)

These comments highlight that effective vocational education requires comprehensive support systems beyond just technical training. Providers develop and maintain these support systems, often without

adequate funding recognition.

Literacy and numeracy

Providers face significant challenges addressing fundamental skill gaps:

- Literacy and numeracy are productivity issues so we have to invest (Interview 102)
- Literacy and numeracy are not a cheap fix (Interview 102)
- Literacy and numeracy efforts are costing millions with little effect (Interview 127)

These comments reflect the substantial resources providers must allocate to foundation skills development, often without adequate funding recognition or clear evidence of effective approaches.

Short-term funding

The short-term nature of funding creates significant planning challenges:

- Three-year investment plans need to come with three years of funding (TEC) (Interview 2)
- Funding is too short term (Interview 103)
- Short term funding doesn't work without being properly tied into sustainable systems (Interview 2)
- One year funding agreements are a barrier to change (Interview 124)
- In-year claw backs are a massive problem (TEC) (Interview 2)
- Funding process is too complex with too many plans (Interview 118)

This misalignment between funding cycles and necessary planning horizons makes it difficult for providers to make strategic investments or align with industry workforce needs.

Alignment of training with future needs

Providers can’t train for future needs without more certainty in the national infrastructure pipeline:

- Infrastructure and construction planning at a regional level would help inform education (Interview 7)
- Greater visibility of demand through a 30 year infrastructure pipeline (Interview 7)
- Funding needs to be driven by regional needs (Interview 129)
- Uncertainty of pipeline prevents capability planning (Interview 103)
- Secure pipeline of work over a long time period would solve a lot of the training problems (Interview 105)

These comments highlight how providers struggle with information gaps about future workforce needs, limiting their ability to plan effectively.

4.6 Implications for funding systems

Based on the challenges identified, several implications emerge for better supporting VET providers:

Funding Model

1. Redesign funding to prioritise quality outcomes rather than enrolment numbers, reducing the tension between financial viability and educational excellence.

2. Develop funding rates that accurately reflect the actual costs of quality provision, including appropriate staffing, current equipment, and comprehensive learner support.
3. Create funding approaches that recognise the additional costs faced by smaller, specialised, or regional providers to reduce pressure toward unhelpful consolidation.
4. Provide funding certainty that aligns with necessary planning horizons, enabling strategic investment and development.
5. Maintain the flexibility benefits of bulk funding while improving transparency about how strategic allocation decisions support the overall quality and sustainability of provision. Develop better communication approaches for explaining to industry stakeholders how funding allocation decisions benefit the entire vocational education ecosystem, including specialised training areas that wouldn't be viable otherwise.

Innovation and research

6. Create a dedicated funding stream for providers to develop and test innovative approaches without risking core operational funding.
7. Establish mechanisms for coordinating and sharing research across the system to create a stronger evidence base for provision.
8. Support the development of specialised centres of excellence that can drive innovation in specific industry areas.
9. Invest in research about future skill needs and job requirements to inform provider planning.

Learner support

10. Implement funding approaches that recognise the diverse support needs of different learner groups, particularly those with disabilities or learning differences.
11. Recognise and fund the comprehensive support systems required for effective vocational education, including pastoral care, learning support, and career guidance.
12. Develop evidence-based approaches to fundamental skills development and provide adequate funding for their implementation.

System Coordination

13. Simplify compliance and reporting requirements to reduce provider administrative burden.
14. Improve information about future workforce needs, particularly for regional providers.
15. Develop mechanisms for more effective coordination between providers and employers.

Appendix A: Key Informants

These key informants comprise experts on and participants in TVET from firms in the construction and infrastructure sector, government agencies, industry peak bodies, Te Pūkenga, private training establishments active in TVET, individuals engaged in supervising and mentoring trainees, representatives of peak bodies in the construction and infrastructure sector.

- Mark Abbot, Chief Executive, New Zealand Institute of Architects
- Aionoa Matthew Aileono, Deputy CE, Registered Master Builders of NZ
- Mackenzie Ashby, Capability Manager, Learning and Programme Delivery, Northpower
- Pamela Bell, Chief Executive, New Zealand Institute of Building
- Sarah Benikowsky, Governance Associate, Hanga Aro Rau Workforce Development Council
- Scott Bitchener, Chief Financial Officer, Skills Group
- Graham Burke, Independent Consultant
- Professor Martin Carroll, Deputy Chief Executive Academic, Unitec and Manukau Institute of Technology, Te Pūkenga
- Grant Cleland, Managing Director, Creative Solutions
- Chris Collins, Independent Consultant
- Erica Cumming, General Manager, Engagement and Partnerships, Waihanga Ara Rau Workforce Development Council
- Hayley Devoy, Director, Strategy, Planning and Performance, Ara Institute of Canterbury
- Jane Duncan, Manager, Strategic Investment, Tertiary Education Commission
- Greg Durkin, Interim Operational Lead, BCITO
- Anne-Jane Edwards, Manukura General Manager, Amotai, The Southern Initiative
- David Fabish, retired builder and company director
- Rebecca Fox, Workforce Development Manager, Civil Contractors New Zealand
- Tamara Grant, CEO, Xabilities
- Chris Gray, Quarrying Institute
- David Hall, General Manager, Building System Performance, Ministry of Business, Innovation and Employment
- Professor Ali Ghaffarian Hoseini, Head of Department - Built Environment, School of Future Environment, Auckland University of Technology
- Ben Johnstone, Chief Executive, Vertical Horizonz
- Heather Kirkwood, Independent Consultant
- Charlotte Knowles, Senior Strategy and Advocacy Advisor, Registered Master Builders of NZ
- Stuart Lawrence, Member, Hanga Aro Rau Workforce Development Council
- Rachel MacKintosh, E tū National Secretary

- Pip Schollum Manase, General Manager – Schools, Manukau Institute of Technology
- Emmolina May, Academic Staff Member, Construction Technology, Toi Ohomai Institute of Technology
- Dr. James McKay, Engineering Degree Apprenticeship Pilot Manager, Otago Polytechnic
- Pamela Moss, Director, Planning, University of Auckland
- Bill Newson, Council Member, Waihanga Ara Rau Workforce Development Council
- Turi Ngatai, Chair, Kāhui Ahumahi, Ohu Mahi Workforce Development Councils
- Atarau Pouwhare-Ellis, Kaihautū / Leader – Māori and Pasifika Trades Training, The Southern Initiative
- Paula Rawiri, Deputy Secretary, Policy, Te Puni Kokiri
- Sam Sefuiva, MPTT Project Manager, Māori and Pasifika Trades Training Auckland
- Sarah Sinnott, Principal Advisor, Amotai, The Southern Initiative
- Jon Smith, General Manager, Academic Quality, Skills Group
- Eleonora Sparagna, Policy Manager, Ministry of Education
- David Thomson, Director, Strategy, Analytics and Reporting, University of Otago
- Travis Timoko, Lead, Vocational Education, Te Wānanga o Aotearoa
- Colleen Upton, President, National Association of Women in Construction
- Alexandra Vranyac-Wheeler, CEO, Master Electricians
- Professor Charles Walker, Head of School, Future Environments, Auckland University of Technology
- Greg Wallace, Chief Executive Officer, Master Plumbers
- Craig West, New Zealand Country Lead, Downer
- Chris Whelan, Executive Director, Universities New Zealand
- Tim Wilson, Chief Executive, ATNZ
- Associate Professor, Karsten Zegwaard, Director, Work-Integrated Learning Research, University of Waikato.

Appendix B: Interview Participant Information

Funding of workplace training and work-integrated learning for the construction and infrastructure industries

Participant Information Sheet

Thank you for agreeing to participate in an interview to help the Construction and Infrastructure Centre of Vocational Excellence (ConCOVE Tūhura) develop advice that may lead to a new funding model for workplace training and work-integrated learning for the construction and infrastructure industries.

About the study

ConCOVE wants to understand how the funding and incentive structures for vocational education and workforce development in the Construction and Infrastructure sector can be optimised and best aligned with the government's broader objectives for vocational education and training.

Why have I been invited to take part?

We want to seek a broad range of views about the funding of workplace training and work-integrated learning, and we consider that you have a valuable perspective to offer.

What does my commitment involve?

We want to interview you for 30-60 minutes. We have a set of questions to guide the conversation (overleaf), however, we recognise some questions may not be relevant in your context.

What will happen to my responses?

We will use the information you provide to prepare a discussion paper and subsequent recommendations for ConCOVE. You will be named as a key informant and your organisational affiliation noted.

We will provide you with a draft of the advice to ConCOVE in the form of a discussion paper so you can correct any errors of fact or interpretation. The finalised advice will be provided to ConCOVE and used to inform a recommendations report that will be published.

About us

Roger Smyth and Brenden Mischewski are undertaking this project for ConCOVE. You can find out more about what we do at www.rogersmyth.com and www.mischewski.co.nz

More information about the context for the research and the high-level model of the resourcing flows in the system is available here: Background report – Funding of workplace training

What questions do you have for me?

1. Funding Model Alignment: How well do you think tertiary education and training aligns with the actual needs of the construction and infrastructure industry? How does the current funding model support (or hinder) that alignment? What improvements would you suggest to ensure better alignment?
2. Employer Contribution and Incentives: In your experience, are employers sufficiently incentivised to invest in tertiary education and training particularly workplace training and work-integrated learning? How could the funding structure better reflect and support employer contributions and what role could employer levies play?
3. Equitable Access: How well does the tertiary education and training support access for underrepresented groups such as Māori, Pasifika, women, and disabled people? How does the current funding system for vocational education contribute to (or hinder) equitable access? What specific barriers are there and what changes do you think would make a meaningful impact?
4. Workplace Training Integration: Do you believe that workplace training is treated as an integral part of tertiary education and training, or is it more of an add-on? How could funding better integrate formal education with on-the-job learning?
5. Innovation and Flexibility: How does the current funding model support or hinder innovation and flexibility in training delivery? What could be done to encourage more innovative research-informed approaches that address industry-specific challenges?
6. Industry-Government-Education Partnerships: What is your view on the current level of collaboration between industry, government, and educational institutions in tertiary education and training? How could the funding system strengthen these partnerships to better serve workforce development needs?
7. Long-term Sustainability: From your perspective, what key factors would contribute to a funding model that ensures long-term financial sustainability for tertiary education and training, particularly workplace training and work-integrated learning in the construction and infrastructure sectors?
8. Impact on Productivity and Workforce Development: How well does the current funding structure contribute to improving productivity and addressing the skills gap in the construction and infrastructure workforce? What adjustments would you recommend?
9. Outcomes Measurement: How should the success of a reformed funding model for workplace training be measured? What metrics or outcomes would best indicate that the model is meeting industry, learner, and community needs?

Funding of workplace training and work-integrated learning for the construction and infrastructure industries

Background report

The construction and infrastructure industry is a critical part of the New Zealand economy accounting for 15 per cent of the total workforce and generating $52.7b in GDP. The industry employed around 373,907 people in 2023[1]. That workforce includes18 per cent women, 17 per cent who whakapapa Māori and six per cent who identify with one or more Pacific ethnicity[2].

The tertiary education and training system produces around 9,800 graduates with construction and infrastructure related qualifications[3] each year at all levels. Many other learners obtain skills and competencies either as part of tertiary education that they do not complete, qualifications in other fields, or through training organised by employers.

Yet the industry has a long-standing shortage of skilled workers (some estimates put the undersupply of skilled construction workers at up to 375,000 people[4]), the industry experiences high levels of staff turnover and has a long-standing issue with relatively slow productivity growth[5] due to skills shortages, training mismatches and regulatory barriers[6], [7].

Many employers point to a mismatch between the skills that tertiary education provides and those they require.

Just fourteen per cent of construction and infrastructure employers are actively engaged in tertiary

[1] Waihanga Ara Rau WDC. 2024. Submission by Submission by Waihanga Ara Rau, Workforce Development Council for construction and infrastructure Redesign of the vocational education and training system September 2024. Waihanga Ara Rau Workforce Development Council. URL: https://www.waihangaararau.nz/publications/

[2] Waihanga Ara Rau WDC. 2024. Briefing to the Incoming Minister December 2023. Waihanga Ara Rau Workforce Development Council. URL: https://www.waihangaararau.nz/publications/

[3] TEC. 2024. Data on post-study outcomes for tertiary education graduates – Post-study outcomes national data. New Zealand Government. Count based on the annual average of the graduate cohort for 2018-2021 for architecture and building and engineering and related technologies (civil and electrical/electronic engineering and technology only). URL: https://www.tec.govt.nz/funding/funding-and-performance/performance/data-on-post-study-outcomes-for-tertiary-education-graduates

[4] Waihanga Ara Rau Workforce Development Council. 2024. Call for Māori workforce to get upskilled to address the construction and building skills crisis. URL: https://www.waihangaararau.nz/call-for-maori-workforce-to-get-upskilled-to-address-the-construction-and-building-skills-crisis/

[5] New Zealand Infrastructure Commission Te Waihanga. Rautaki Hangahanga o Aotearoa New Zealand Infrastructure Strategy 2022-2052. New Zealand Government. URL: https://tewaihanga.govt.nz/the-strategy/7-a-world-class-infrastructure-system-how-we-get-there/7-5-building-workforce-capacity-and-capabilities

[6] MBIE. 2023. Building and Construction Sector Trends – Annual Report 2023. New Zealand Government: URL: https://www.mbie.govt.nz/building-and-energy/building/building-system-insights-programme/sector-trends-reporting/building-and-construction-sector-trends-annual-report/2023

[7] New Zealand Institute of Building. (2021, November). Improving New Zealand Construction Industry Productivity: An Overview. Retrieved from https://nziob.org.nz/assets/CPG-Abridged-version-Final-30-Nov.pdf

education and training[8] and achievement rates in tertiary education vary considerably.

Who is involved in this project

The Construction and Infrastructure Centre of Vocational Excellence (ConCOVE Tūhura) is funding this project to understand how the funding and incentive structures for vocational education and workforce development in the Construction and Infrastructure sector can be optimised and best aligned with the government's broader objectives for vocational education and training.

Brenden Mischewski and Roger Smyth are undertaking this project for ConCOVE. They are consultants with extensive experience in tertiary education policy and funding. You can find out more about what they do at www.rogersmyth.com and www.mischewski.co.nz.

Investing in the workforce

Employers, government and learners invest heavily in tertiary education and training and workforce development (see *Resourcing Flows – Construction and Infrastructure Tertiary Education and Training*).

Direct government subsidies for tertiary teaching and learning in the construction and infrastructure industries total around $352m per annum[9] supporting around 80,000 learners, with around seventy per cent of these learners undertaking apprenticeship programmes[10]. The government also provides support through student loans and allowances for eligible learners, and targeted support such as the Apprenticeship Boost scheme and Skills for Industry programmes

Employers support workforce development through their own investment in staff training including developing new staff and supporting government-funded teaching and learning by paying tuition fees for learners, making workplaces available for work-based training and releasing staff for on-job and off-job training.

Learners make direct contributions like the tuition fees and course costs they pay or student loan repayments and indirect contributions, such as the time they spend on their studies.

Each of these groups also received benefits from education and training. An initial summary of these benefits and costs is included in the table overleaf.

What we want to know

The main questions we want to answer are how the funding and incentive structures for vocational

[8] Data for the 2022 year provided by Waihanga Ara Rau Workforce Development Council.

[9] TEC. 2024. Nga Kete. Tertiary Provision App. New Zealand Government. Tertiary education funding for architecture and building and engineering and related technologies (civil and electrical/electronic engineering and technology only) in the 2023 calendar year. All levels. All tertiary education organisations.

[10] MoE. 2024. Apprenticeship boost initiative: Monthly demographic statistics. New Zealand Government. URL: https://www.educationcounts.govt.nz/statistics/apprenticeship-boost-initiative-monthly-demographic-statistics

education and workforce development in the Construction and Infrastructure sector can be optimised to:

- Create a more responsive system that promotes and maintains alignment between education outcomes and workforce needs
- Strengthen industry-education-government partnerships and co-investment in skills development
- Promote equitable access and outcomes from vocational education.

For the system to work effectively, we need a funding model that incentivises better performance and maximises benefits for individuals, employers, and the wider community.

This project will produce a discussion paper that presents options for an improved funding model. The researchers' final recommendations will be informed by stakeholder feedback received during the consultation period on the discussion paper.

Table A: Attribution of the benefits and costs of VET

	Market Benefit	Non-market Benefit	Costs
Trainee	• Training wages • Enhanced future earnings potential • Enhanced employability prospects	• Greater job satisfaction • Other possible[11] benefits in social, cultural and identity capital – health, self-esteem, civic engagement	• Wage discount – training wage is lower than minimum wage • Cost of buying tools • Fees and costs for off-job courses
Employer	• Increased firm productivity over time as trainees get more skills • Recruitment advantage – trainees are likely to stay with the training firm after completion • Training wage is lower than minimum wage	• More satisfied workforce • Picking up on trends in the industry through engagement with off-job provider and training advisors	• Loss of productivity as trainees learn and as experienced staff mentor trainees • Transaction costs of training/mentoring, dealing with off-job providers and training advisors • Depreciation on use of capital for training • Subsidising off-job courses for trainees
Off-job provider	• Revenue from fees/funding • Greater use of equipment – return on capital investment	• Improved links to industry • information on industry trends	• Tutor time • Depreciation on equipment • Transaction costs – dealing with employers/training advisors
Public/society - by proxy, the government	• Availability of skills in labour market – increased aggregate productivity • Containment of price/costs of advanced skills • Increased economic innovation	• Possible social inclusion benefits (but note caveat above) • Public confidence in the quality, safety etc of providers technical services (such as electricians, motor mechanics, builders etc)	• Funding for the VET system and for trainees • System costs – regulation, monitoring, funding, policy
Firms in the industry that don't train	• Containment of price/costs of advanced skills		

[11] Note that the causality of these benefits is unclear – they may be incidental to the training, or it may be that those who have these endowments are more likely to take up training.

Why are we asking these questions?

We think there is a case that the current tertiary education funding model, especially for the construction and infrastructure industry:

- Undervalues the returns for society and industry arising from investment in vocational education – by the government, by employers and by individual learners; education and training in areas such as the construction and infrastructure industries leads to a skilled workforce that pays a large economic and social dividend[12]
- Treats work-integrated learning as an add-on rather than an integral aspect of vocational education[13]
- Treats training that occurs on the job following completion of a vocational qualification as separate from formal education – essentially, the government sees the training system through a funder's eyes and hence, it is blind to the on-job post-qualification training and mentoring that is an essential part of the "finishing" training of new employees[14]
- Sustains and reinforces hierarchies of esteem in post-secondary education[15].
- Uses different models to fund vocational education and degree-level education even though vocational skills are acquired during degree education[16].

[12] Research suggests that the financial returns to learners and presumably the broader economy may be comparable. See Cox, M. 2021. Does New Zealand need so many young people studying for a degree? And would young people be better off doing something else?. BERL. Finnie R and Miyairi M 2017 *The earnings outcomes of post-secondary co-op graduates: Evidence from tax-linked administrative data* Education Policy Research Initiative, University of Ottawa traces the longer term impacts of participation in work-integrated learning, finding that those who complete a degree with a work-integrated learning component fare better in the labour market.

[13] For example, universities in New Zealand have made some progress in offering a wider range of work-integrated or work-based learning opportunities. However, these options are often not credit bearing or are poorly integrated into the workplace with limited scope to make use of naturally occurring evidence. See UNZ. 2015. Producing employable graduates – initiatives by New Zealand's universities. Te Pokai Tara Universities New Zealand. See also Holland et al, 2024, *Work-integrated courses as an alternative tertiary education: lessons from UK, New Zealand and Canada,* WIL NZ 2024 Refereed Conference Proceedings for a discussion of the challenges of developing a qualification in New Zealand with work-integrated learning embedded.

[14] Universities tend to focus on developing individual skills and attributes considered desirable by employers, in order to find and acquire suitable work, perform well in that work, and build a career. See: Rowe, A. D., & Zegwaard, K. E. (2017). Developing graduate employability skills and attributes: Curriculum enhancement through work-integrated learning. Asia-Pacific Journal of Cooperative Education, 18(2), 87–99.

[15] Which some commentators argue may be unachievable. See Relly, S. J. (2022). Understanding the purpose and standing of technical and vocational education and training. In The standing of vocational education and the occupations it serves: Current concerns and strategies for enhancing that standing (pp. 49-62). Cham: Springer International Publishing. See also Murray N 2004 Who gets their hands 'dirty' in the Knowledge Society? Training for the skilled trades in New Zealand, PhD thesis, Lincoln University, which explores the disparity of esteem between industry training and academically focused education.

[16] For example, the government subsidy for work-based engineering training below degree-level including for diplomas at level 5 and 6 on the NZQCF is set at $8,543 (GST exclusive) for 2025 while the rate for degree-level study (which may comprise learning at levels 5 and 6) is set at $13,911. The funding differential is partly based on the difference in the estimated costs of delivering work-based and on-campus training.

- Places barriers to innovative solutions[17] including those designed to address inequities in the system enabling thereby enabling the systemic racism, sexism, ablism, etc to continue[18], [19], [20].

What are some of the issues?

1. Funding Model Alignment

The primary sources of funding are government subsidies, student loans and allowances, wage subsidies, and student fees, with direct government subsidies amounting to approximately $352 million annually. This funding supports around 80,000 learners, 70% of whom are in apprenticeship programmes.

The ideal state could be a funding model that reflects the public and private benefits to individuals, industries, companies, and communities by integrating training levies, targeted taxes, and tax incentives. This might lead to better alignment between funding and industry needs, supported by enhanced sectoral training funds and levy-grant schemes.

The key things we want to discuss are the effectiveness of the current subsidy model compared to alternative approaches and the potential for industry-specific funding mechanisms. We also aim to explore the balance between public and private investment and examine international practices, such as training levies, targeted taxes, tax incentives, grants to individual learners, direct employer subsidies, sectoral training funds, national training funds, and various levy-based schemes.

2. Employer Contribution and Incentives

The current state is characterised by only 14 per cent of employers actively engaging in tertiary education or training[21], limited employer participation in work-integrated learning, no formal requirement for employer contributions, and a potential “free-loader” problem.

The ideal state could be a model with higher employer engagement, a structured contribution system, and apprenticeship training recognised as integral to business. Employer contributions could reflect the benefits they receive, reducing "free-loader" issues by ensuring all employers either train apprentices or contribute financially, such as through a levy.

The key things we want to discuss are the barriers to employer participation, necessary incentive structures, effective cost-sharing models, and successful practices from other countries.

3. Equitable Access

The current state is characterised by systemic barriers for Māori, Pasifika, disabled people, and women, with inconsistent support across regions, underfunded support initiatives, and a failure to address the root causes of disparities.

The ideal state could be a system where barriers to entry and completion are removed, with consistent,

[17] Jones, J. 2023. Civil Construction: a requirement for a robust and reliable training pipeline. ConCOVE Tūhura. URL: https://ConCOVE.ac.nz/discovery-hub/civil-construction-full-report/

[18] New Zealand Productivity Commission. (2017). *New models of tertiary education: Final Report*. Available from www.productivity.govt.nz/inquiry-content/tertiary-education.

[19]. Hurd. F & Dyer, S. 2024. On-site Upstanders: Building a Bystander Culture - A Framework to Eliminate Sexual Harassment & Hostile Work. ConCOVE Tūhura. URL: https://ConCOVE.ac.nz/discovery-hub/on-site-upstanders-building-a-bystander-culture/

[20] Angeli-Gordon, J. et al. 2024. Te Maru o Hine: A kaupapa Māori theory of change for addressing sexual harassment against wāhine through tāne allyship. ConCOVE Tūhura. URL: https://ConCOVE.ac.nz/discovery-hub/te-maru-o-hine-kaupapa-maori-theory-of-change-full-report/

[21] Although this is a contestable point with higher rates reported when sole traders are excluded from the denominator.

well-funded support systems and better recognition of the additional pressures faced by disadvantaged groups. This model would include targeted interventions to address systemic issues and ensure equitable access and success.

The key things we want to discuss are the specific barriers faced by different groups, the intersectional nature of some of these barriers, the effectiveness of resource allocation, regional variations in support, cultural competency in training delivery, the merits of targeted equity funding versus integrating it as part of core funding, and measures of success.

4. Workplace Training Integration

The current state is characterised by work-integrated learning being treated as an add-on, with a clear separation between formal education and on-job training, limited credit recognition for workplace learning, and rigid course structures.

The ideal state could be a system where work and academic learning are deeply integrated, supported by well-designed degree-level apprenticeships where appropriate. This model would achieve a better balance between broad education and specific skills, include flexible, workplace-responsive learning structures, and provide funding that reflects the resource-intensive nature of workplace-based learning and teaching.

The key things we want to discuss are whether there are barriers to integration, the cost implications, success factors for work-integrated learning, and industry perspectives on the need for such integration.

5. Innovation and Flexibility

The current state is characterised by reasonable flexibility in apprenticeships and traineeships, but a rigid semester-based structure for on-campus learning, with funding rules that may discourage industry involvement and limited innovation in delivery methods.

The ideal state could be one with more flexible delivery models, better integration of industry professionals, innovative assessment approaches, and greater responsiveness to changing industry needs.

The key things we want to discuss are whether there are regulatory barriers to innovation, constraints in the funding model and opportunities for technology integration.

6. Industry-Government-Education Partnerships

The current state is characterised by a system mediated by Workforce Development Councils or proposed Industry Training Boards, with limited structured partnerships, variable effectiveness, and a competitive model that can hinder collaboration.

The ideal state could be one with comprehensive structured partnerships, clearly defined roles and responsibilities, enhanced alignment with labour market needs, clear pathways from the compulsory education sector, improved stakeholder cooperation, and rewards for collaboration.

We want to discuss the effectiveness of the current and different partnership models, governance structures, decision-making processes, and stakeholder engagement mechanisms.

7. Long-term Sustainability

The current state is characterised by challenges in sustaining campus-based delivery, impacts from cyclical industry changes, high facility costs, and disparities in funding across different modes and types of

education (e.g., on-campus vs off-campus, construction vs infrastructure, degree vs non-degree).

The ideal state could be a sustainable funding model that reflects the true costs of delivery, is resilient to industry cycles, supports cost-effective delivery methods, and is guided by a clear long-term investment framework.

The key things we want to discuss are the current barriers to financial sustainability, infrastructure costs, the impacts of the current industry cycles, and alternative delivery models.

8. Impact on Productivity and Workforce Development

The current state is characterised by persistent skills shortages, a gendered and aging workforce, challenges with graduate work-readiness, and a high reliance on migrant labour.

The ideal state could be one where workforce needs are better met, productivity outcomes are improved, skills shortages are minimised, graduate capabilities are enhanced, and the industry is viewed as an attractive career choice.

The key things we want to discuss are whether there is value in the funding system supporting skills gap analysis, whether productivity improvement should be an explicit goal, how the funding system works for or against graduate readiness, and what role the industry's dependency on migration plays.

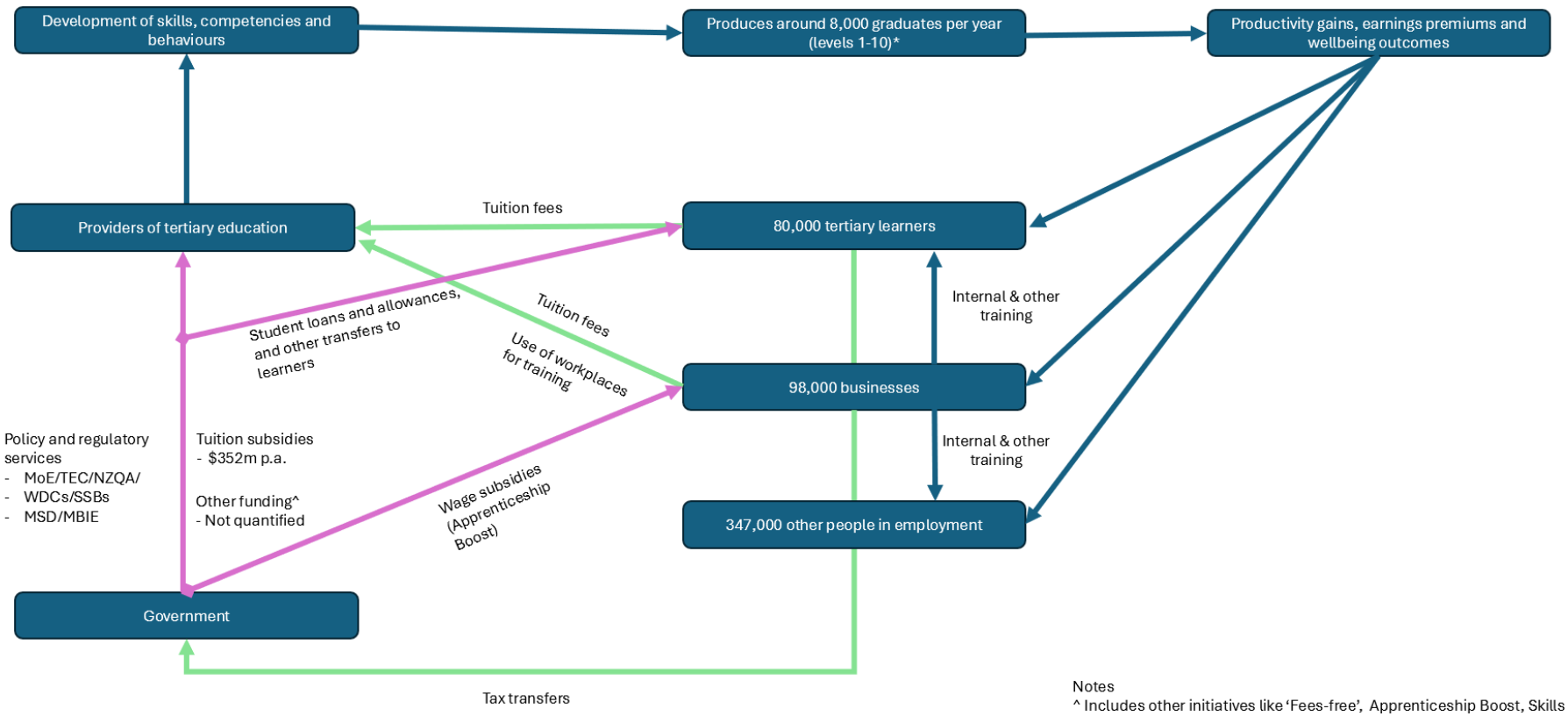
9. Outcomes Measurement

The current state is characterised by a focus on educational outcomes (or government transfer outcomes when funded by MSD), limited measures of employment outcomes, especially long-term employment, basic completion metrics, and a lack of comprehensive value-add assessment.

The ideal state could be a comprehensive measurement framework that includes metrics for employer participation, cost-effectiveness, and a more sophisticated approach to value-add assessment.

The key things we want to discuss are what would be the appropriate success metrics for any funding system, challenges in measurement, data collection methods, and indicators specific to the industry.

Resourcing flows – construction and infrastructure tertiary education and training



Notes
^ Includes other initiatives like 'Fees-free', Apprenticeship Boost, Skills for Industry and Mana in Mahi
* Post-study outcomes data for Architecture and Building and Civil and Geomatic engineering, average of graduate cohort for 2018-2021