



INTRODUCTION & OVERALL NARRATIVE

*Advice to the Tertiary Education Commission
for training investment in 2027*



WAIHANGA ARA RAU
Construction and
Infrastructure
Workforce Development Council

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OUR SECTORS AT A GLANCE

Workforce and business data is taken from WIP. This data is extracted from StatsNZ IDI and IRD with figures defined by those who work for or own a business with a relevant ANZSIC (industry) code. Learner data is extracted from Ngā Kete as of April 2025.

CONSTRUCTION

258,608

2023 Workforce

79,672

2023 Businesses

56,895

2024 active learners

INFRASTRUCTURE

70,994

2023 Workforce

6,446

2023 Businesses

5,605

2024 active learners

C&I SERVICES

52,857

2023 Workforce

13,500

2023 Businesses

5,610

2024 active learners

INTRODUCTION

This document provides the **introduction and overarching assumptions** for Waihangara Rau's 2025 investment advice to the Tertiary Education Commission (TEC), focused on **training provision for 2027**.

A more detailed version has been submitted to TEC, containing in-depth insights, data, and recommendations **for all qualifications under Waihangara Rau's coverage that meet the investment advice threshold** (outlined below).

This document should be **read alongside the sector-specific advice documents**, which offer overviews tailored to individuals and organisations with sector specific interests. The **sector versions outline our approach to qualifications relevant to each sector**, regardless of whether they meet TEC's investment threshold. This ensures that all stakeholders, from policymakers to industry leaders, can engage with advice that aligns with their areas of influence.

It's important that industry has an opportunity to review and update this advice in 2026

The growth figures (assumptions) for each sector are based on the best available data and information at the time of submission. There is a sense of anxiety across the industry, with many viewing this as the final opportunity to give effect to training advice, given the uncertainty around whether ISBs will retain the same levers and mechanisms as Workforce Development Councils, in the future.

Both the construction and infrastructure sector, and the vocational education and training sector, are undergoing significant change, which may shift learner needs in 2027. If there are significant changes to the context or sector outlook following the plan guidance process, it is important that the advice in this document is revisited. **Where significant changes occur, Industry Skills Boards (ISBs) or industry (via SRGs or a similar mechanism) must have the opportunity to provide updated advice before final funding decisions are made for 2027 training provision.**

Some of the changes or 'shocks' that could impact training activity and lead to supplementary advice provided in 2026 include:

- Major construction and infrastructure projects starting earlier than expected, often driven by Government priorities and decisions.
- Changes to work-based learning arrangements.
- Changes once the updated Vocational, Education and Training reform and legislation are enacted, including other Government policies and reforms e.g. NCEA changes, building levy reforms, etc some of which are touched on below.

OVERARCHING INVESTMENT ADVICE ASSUMPTIONS

Foundational Growth Percentage

How is the growth percentage calculated?

To identify growth, we assess national construction and infrastructure activity, project pipelines (Workforce Information Platform (WIP) and Infrastructure Commission), funding, and scheduling. We determine the growth in the pipeline value from 2024 to 2027 and test the assumptions behind forecasted activity to ensure they're realistic for each sector. Once assumptions and growth rates are confirmed, we apply them as proxies to qualifications under Waihanga Ara Rau's coverage, recognising the close link between project activity and training.

What does the foundational growth percentage actually mean?

This means that, unless specifically noted in a sector's section, the relevant growth percentage, based on whether the sector is grouped under construction or infrastructure, will be applied to 2024 learner numbers to form the suggested 2027 provision. The foundational growth percentages are **11.8% for construction and 23.8% for infrastructure**. Further detail on the make-up of these figures is provided below.

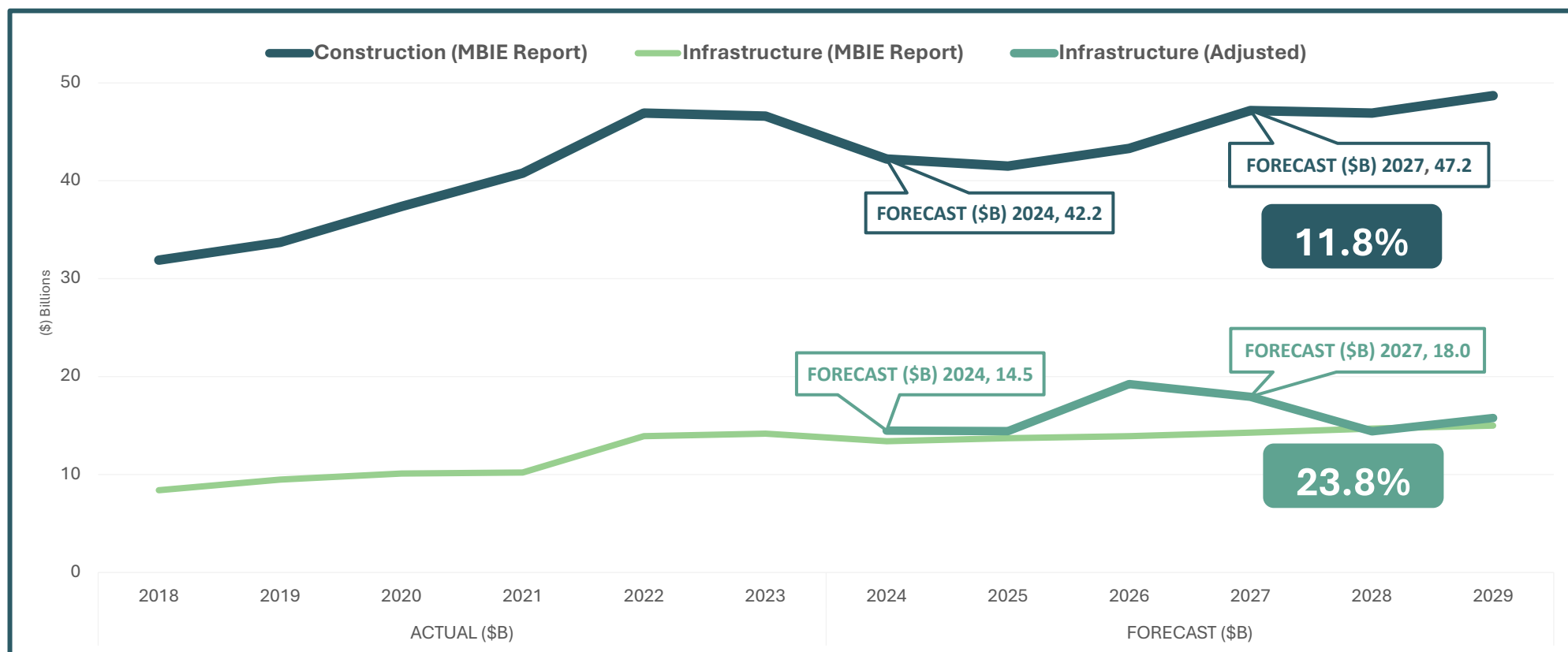
Evidence supporting our investment advice

The supporting evidence underpinning our investment advice is the [National Construction Pipeline Report 2024](#), alongside data from Pacifecon and Te Waihanga, which forecasts a rebound in project activity from 2026 onwards, following a dip in 2025. Despite short-term challenges, the long-term outlook for construction and infrastructure remains strong. The table below summary of MBIE's forecast and known table¹, alongside the adjusted infrastructure pipeline from WIP.

There are however mixed industry views on when projects and funding will actually get underway, which means there's a mix of optimism and caution about what 2027 project activity will look like. As a result, there may be slight differences to the percentage applied for each sector (i.e. percentage applied may differ from the foundational growth percentages above). If this is the case, they will be highlighted under their specific sections.

Combined Forecasts: National Construction Pipeline 2024, Workforce Information Platform (Pacifecon & Te Waihanga)

¹ Full table of the adjusted data can be found on page 57 of the [National Construction Pipeline Report 2024](#)



	ACTUAL (\$B)						FORECAST (\$B)					
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Construction (MBIE Report)	31.9	33.7	37.4	40.8	46.9	46.6	42.2	41.5	43.3	47.2	46.9	48.7
Infrastructure (MBIE Report)	8.4	9.5	10.1	10.2	13.9	14.2	13.4	13.7	13.9	14.3	14.7	15.0
Infrastructure (Adjusted)							14.5	14.4	19.2	18.0	14.4	15.8
Grand Total (Adjusted)	40.3	43.2	47.5	51.0	60.8	60.8	56.7	55.9	62.5	65.2	61.3	64.5

Construction Project Pipeline Story

Construction is split into residential and non-residential categories. Residential accounts for around 78% of the pipeline, with activity dipping in 2024 before recovering by 2027. Non-residential, mainly commercial, is expected to remain steady leading up to 2027.

The *National Construction Pipeline Report 2024* forecasts short-term pressure on the sector through 2025-26, but projects growth to \$47.2 billion by 2027, an **11.8% increase** from the 2024 baseline of \$42.2 billion. This growth forms the basis for estimating training provision needs in 2027 for construction related sectors.

For a few of the Strategic Reference Groups (SRGs), the forecast does not fully reflect the current ‘on-the-ground’ situation, particularly for 2025-26, and potentially flowing on into 2027. The *National Construction Pipeline Report* modelling presents a more optimistic outlook for 2025-26, driven by the inclusion of planned projects and the smoothing of activity over time. While this is expected in longer term modelling, WIP offers a [short-term view](#) of activity which is more reflective of the current state. Because of this, **many SRGs have adopted a cautious approach to training growth for 2027, ranging from no growth** (supported by [WIP data](#) which uses a slightly different modelling approach to the report) **to some alignment with the forecasted 11.8%.**

Although pipeline figures have remained relatively stable since the report’s release in late 2024, there appears to be a lag between reported data and actual market sentiment. Infometrics data is understood to reflect more conservative growth, or even decline in some areas, though we do not have direct access to this data. There are however some positives on the horizon:

- Building costs are rising at a more manageable rate, with residential sector inflation at 4.3% in 2023, down from 13% in 2022 and 14% in 2021.
- Overall inflation dropped to 2.7% as of July 2025, now sustainably within the Monetary Policy Committee’s 1 to 3 percent target range.
- The official cash rate (OCR) remained at 5.5% for large periods over 2023 and 2024 but the [Reserve Bank announced in February 2025 that the OCR has been reduced to 3.75%](#) with a further reductions to [3.0% in August](#) and [2.5% in October](#). Many forecasts, including those informing this advice, anticipated the decrease, alongside expectations that long-term mortgage rates would ease, potentially making borrowing more affordable.

Forecasting for migration impacts

The construction pipeline forecast factors in expected migration trends, with net migration expected to ease from 2023 highs (130,000) toward the long-term average (approximately 30,000). This could ease housing demand but may tighten the construction workforce, as fewer incoming workers are available to fill roles. While the forecasts don’t specifically account for the share of construction workers within net migration, there is a sense that workforce gaps could emerge, putting pressure on the sector and requiring action.

Infrastructure Project Pipeline Story

The infrastructure project pipeline data is sourced from the Workforce Information Platform (WIP), which consolidates information from Pacifecon and Infrastructure New Zealand. While the assumptions from the *National Construction Pipeline Report 2024* still apply, project pipeline data has been updated since the report's publication in December 2024, particularly in light of Government's recent infrastructure funding announcements²

The report also acknowledges gaps in its intentions data, largely due to local and central government agencies still finalising future infrastructure investment details at the time of publication. Several major projects remained uncertain as they worked through the impacts of the [Local Water Done Well legislation](#) and long-term planning processes. Since then, the draft [National Infrastructure Plan](#) has been released, and many councils have submitted their [water service delivery plans](#). These developments provide clearer strategic direction, though they have yet to fully translate into confirmed project commitments. Notably, many of the short-term projects identified across these plans are already reflected in the updated project pipeline used to inform this advice.

A major roading project in the upper North Island will be the biggest roading project in New Zealand's history and the workforce required will be on a scale not previously seen. Consequently, **industry will want to revisit this advice in 2026 as details on this project are made public.**

As of June 2025, the total **infrastructure project pipeline is forecasted to grow by 23.8%**, from \$14.5 billion in 2024 (baseline year) to \$18 billion in 2027 (advice year). The \$14.5 billion is an adjusted figure, given it is historical, and takes the midpoints from the [WIP timeseries 2024 data](#) and [Infrastructure New Zealand](#) forecast. For the 2027 forecast, this is extracted directly from [WIP](#). This 23.8% increase serves as the foundational growth benchmark for estimating training provision needs in 2027, based on the 2024 baseline.

² [Infrastructure projects to drive jobs and growth, fast track projects.](#)

The Sectors Current Reality

The pipeline of work – when will it hit businesses books?

As mentioned above, there's a mix of optimism and caution across the sectors about what 2027 project activity will look like, and when that activity will begin to show up in businesses' books. While there is clear intent, particularly from Government, to drive forward investment, many in the industry still lack visibility and transparency around the project pipeline, especially given the disruption and uncertainty of the past few years.

This lack of clarity has direct implications for training. As projects begin to come online, it remains uncertain whether businesses will prioritise training or other workforce strategies to rebuild their capacity (e.g. immigration). For many, it's unclear whether investment in training will be the first lever pulled to reestablish workforce numbers.

People are being let go or leaving

It's no secret that the sector has been among the hardest hit by job losses, particularly over the past 18 to 24 months. StatsNZ data shows that in the year to June 2025, the construction industry [lost more than 12,000 jobs](#). This follows a similarly challenging year in 2024, when approximately [10,000 jobs were lost](#).

Added to this, is the ever-present lure of Australia's strong demand for skilled trades. This has seen a growing number of New Zealand construction workers relocate across the Tasman, a long-standing trend that continues to put pressure on the capacity of the local workforce. These sentiments have been supported in the many conversations with SRGs.

There is a concern that active apprentices are among those affected, highlighting a worrying trend that will disrupt the future pipeline of skilled workforce. It will take time for the sector to rebuild its workforce, which is why it's **important that industry has the opportunity to provide investment advice**. This ensures training is aligned with current needs and supports both immediate recovery and long-term capability.

Employers need support to train

There is a general reluctance within the sector to invest in training during periods of economic uncertainty, which compounds the challenges noted above. While the sector recognises the long-term value of investing in people, more work is needed to reinforce this message. It's also clear that additional support mechanisms are required to enable meaningful investment in training, recent initiatives such as Fees Free, Apprenticeship Boost, and the Targeted Training and Apprenticeship Fund have demonstrated the impact on training numbers these interventions have.

The sector also acknowledges that a visible and reliable pipeline of work is essential to support training investment. Potential mechanisms to support this could include:

- Incentivising training, as has been done in the past, while ensuring initiatives are strategically targeted and informed by lessons learned from previous models. For example, recognising that increase training activity can also lead to higher non-completion rates if not well supported.
- Leveraging procurement levers more intentionally, by embedding training requirements into contracts and ensuring these are meaningfully enforced.

We are aware that early discussions and consultation are underway regarding a **potential widening of the training scope of the building levy**. If progressed, this could have implications for training needs and demand within the construction sector. These conversations are still at a very early stage, and it remains unclear whether this will eventuate. There are mixed views across the sector about the likelihood of this becoming a reality.

NCEA Changes

For the construction and infrastructure sector, the NCEA reforms present both opportunities and challenges. The focus on foundational skills, dual learning models, and stronger industry collaboration has the potential to improve visibility of diverse career pathways, ensure learners gain relevant skills, and attract more people into the sector. However, concerns remain about schools' ability and capacity to deliver vocational content effectively, particularly in under-resourced regions.

Targeted investment will be essential to support schools, build good industry relationships, and ensure equitable access to vocational education. In a constrained funding environment, it is **critical that investment to support NCEA implementation does not come at the expense of existing vocational education funding streams**.

Additional Narrative

Pastoral Care and People Leadership Deep Dives

As part of our Workforce Development Plan process, we chose to explore deep dive themes instead of creating separate plans for each industry. This shift was a strategic move to better meet the needs of sector groups and to generate insights that apply broadly across the construction and infrastructure sectors. Two key projects, **Investing In People Leadership and Advancing Pastoral Care and Needs-Based Support in the Construction and Infrastructure Sector**, stood out not only in our analysis of workforce plans, but also in conversations across government agencies. Their prominence reflects a shared understanding of how vital leadership and pastoral care are to building a resilient, engaged, and sustainable workforce.

Because these themes are closely aligned with government priorities, it's important that any recommendations from this work are thoughtfully considered when we publish them, expected in late October. These insights could help shape TEC funding decisions and influence wider policy settings.

Regional Insights Report

In June of this year, Waihanga Ara Rau released the [Regional Insights report](#) which builds on our 2022 regional deep dives. This report largely focused on updating the [project pipeline and workforce gaps information from WIP](#), while highlighting some of the key regional fast track projects.

While the majority of project value in the pipeline is concentrated in metropolitan centres like Auckland and Wellington, discussions with SRGs suggest a dual economy is emerging. Regional activity appears more stable, supported by private investment and large-scale projects such as the Dunedin Hospital build, Te Kaha Stadium in Christchurch, and East Coast cyclone recovery works. There is a general sentiment that when one or two major projects are underway in a region, larger firms tend to focus on those, creating space for smaller contractors to take on other work without directly competing. While this dynamic offers some balance, the underlying reality remains **businesses across the sector continue to face significant challenges**.

Where there is regional need or specific provision advice, this will be highlighted at the sector level. It is important to note that some of the changes to work-based learning, as part of the broader vocational education reform, will naturally influence training provision at a regional level. These shifts may affect how and where learners access vocational opportunities and will require careful consideration to ensure regional equity and responsiveness to local workforce needs.

What ‘Differs From Last Years’ Investment Advice?

Differences in Ngā Kete extracted data year-on-year

It’s important to note that each year we extract a fresh dataset from Ngā Kete to conduct our learner data analysis. While we apply the same methodology and filters consistently, the results still vary slightly year to year, something TEC may be familiar with. This means historical data, such as for 2023, can differ depending on when it was extracted. For example, the 2023 learner data used in last year’s advice is slightly higher than the updated 2023 data we’ve used to inform this year’s advice.

This context is important when reviewing the analysis below, as it’s based on the most recent 2023 data. It also reinforces why using 2024 as the baseline was a necessary and practical decision.

General analysis of changes in advice from last year by sector groupings

In terms of learner activity, there’s been an overall drop of 10.5% in total learners across the sector from 2023 (last year’s baseline) to 2024 (this round’s baseline). While the decline is sector-wide, the extent varies with some sectors seeing slight decreases, and a handful experiencing small increases.

‘What differs from last year?’- in simple terms, the difference can be calculated as the gap, if any, between the decline in learner activity from 2023 (last year’s baseline) to 2024 (this year’s baseline) and the projected growth in training provision for 2027. At a sector grouping level this is:

- For construction-related sectors, in general, learner activity declined by 10.8% from 2023 to 2024. With a projected 2027 training provision increase of 11.8%, this results in an approximate 1% increase compared to the 2023 baseline used in last year’s advice.
- For infrastructure-related sectors, in general, learner activity declined by 4.7% from 2023 to 2024. If we factor in the 12% increase applied in last year’s advice, along with the projected 2027 provision increase of 23.8%, this results in a total increase of 31.1% on the 2023 baseline.
- For construction and infrastructure services, in general, learner activity dropped by 13.1% from 2023 to 2024. If we factor in the 12% increase applied in last year’s advice, along with the projected 2027 provision increase of 23.8%, this results in a total increase of 22.7% on the 2023 baseline.

However, if we **take a broader view, the answer to “what differs from last year?” is - everything**. That’s why **the shift to the 2024 baseline is so important**. First, it reflects the most up-to-date full-year learner data available. Second, it accounts for the evolving context over the past 12–18 months, both within the industry and across the wider economy, and aligns with updated project pipeline forecasts. These factors are vital to our 2027 training provision recommendations and the supporting evidence.

INVESTMENT ADVICE

Overarching Narrative

This document should be read alongside the sector versions. As mentioned above, this document provides the introduction and overarching assumptions for Waihanga Ara Rau's 2025 investment advice to the Tertiary Education Commission (TEC), focused on training provision for 2027.

The sector versions outline our approach to qualifications relevant to each sector, regardless of whether they meet TEC's investment threshold. This ensures that all stakeholders, from policymakers to industry leaders, can engage with advice that aligns with their areas of influence.

2027 Investment advice baseline year

We're applying a similar approach as we did last year. **The baseline year is 2024**, which provides the most recent full year of training data. All active learners across the 2024 calendar year set the minimum level of provision we expect in 2027, with any recommended growth, reduction, or no change based on that starting point.

Investment advice threshold (for 2027 delivery)

The threshold is intended to ensure our advice prioritises qualifications that could materially impact current TEC funding. Qualifications below the threshold generally fall within the margins of existing funding activity and therefore do not significantly affect funding availability. It is made explicit throughout that the overall growth percentage should be applied to all relevant qualifications, regardless of whether they meet the threshold. Publishing our approach for all qualifications under our coverage also enables providers to understand the provision landscape.

For qualifications within our scope, only those meeting the threshold are included in our formal submission to the Tertiary Education Commission (TEC). The 2027 threshold includes:

- Growth or reduction of more than 20 learners compared to the 2024 baseline.
- Not registered or not TEC-funded learners in 2024 but expected activity in 2027.
- Fewer than 20 learners in 2024 with projected growth that more than doubles by 2027.
- Qualifications where specific context and narrative are important to articulate are treated with particular attention.