

2.02 CENTRAL REGION MAJOR PROJECTS SKILLS HUB

PGF Application – TE ARA MAHI		For: Approval	
Applicant:	Central Region Major Projects Skills Hub Trust	Pipedrive ID #	Commercial Information
Region	Manawatū- Whanganui	PGF Funding Sought:	\$ Commercial Information
Region detail:	Palmerston North Manawatū Taranua	Total Project Value:	\$ Commercial Information
		Applicant co-funding:	\$ Commercial Information
Entity Type:	Trust	Funding Structure:	Grant
Entity Detail:	Central Region Major Projects Skills Hub Trust was established in 2019.		

We recommend that the SROs:

- a) **Recommend Approval of** \$1,039,436 grant funding from the Te Ara Mahi (TAM) portion of the Provincial Growth Fund (PGF) towards the Central Region Major Projects Skills Hub (the Hub).
- b) **Note** the funding request is a grant and covers the Commercial Information of the project.
- c) **Note** the Hub will engage and utilise local workforce to deliver regional infrastructure projects and facilitate any required training, with a primary focus on the Te Ahu a Turanga project.
- d) **Note** this project is expected to facilitate at least Commercial people into employment.
- e) **Note** the target group for this programme is broad and includes all people of working age.
- f) **Note** potential applicants will be sourced through from schools, MSD, iwi, tertiary providers and existing civil construction employees.
- g) **Note** the project will train and upskill at least Commercial people, some of which are already employed in the civil construction sector.
- h) **Note** the Commercial Information cofunding of \$ Commercial Information from the contribution of those on the Board and Advisory Groups.
- i) **Note** the project has support from Ministry of Social Development, Ngāti Kauwhata, Central Economic Development Agency, Te Ahu a Turanga Alliance (Project Director), NZTA and District Councils: Palmerston North, Manawatū, Taranua.
- j) **Note** the project will be overseen by an advisory group made up of: Iwi, Ministry of Social Development, Commercial Information, Manawatū District Council, Accelerate25, NZTA, and Central Economic Development Agency.
- k) **Note** that NZTA is requiring and supporting the Te Ahu a Turanga Alliance to demonstrate a social procurement focus, both for the Alliance and sub-contractors.
- l) **Note** that the Hub will be co-located Commercial Information
- m) **Note** there will be strong interconnections between this programme and Commercial Information, who focus on youth to ensure the civil infrastructure pathway is a key component programmes.
- n) **Note** the Hub will initially focus on road infrastructure projects but will adapt to changing workforce needs as the infrastructure projects change.

Proposal:

The proposal is to establish the Central Region Major Projects Skills Hub (the Hub) in Fielding. The Hub provides a regional 'connector' between large scale infrastructure projects and a prepared, trained workforce.

The Hub will initially focus on filling the employment need for the Te Ahu a Turanga: Manawatū Dannevirke highway, a new road build, measuring 12.4km from Woodville to the Western Gorge entrance. Additionally, there will be an ongoing need for the Hub as Manawatū businesses have identified difficulties with accessing skilled workers as the key barrier to growth.

The Hub will help to bridge the skills gap and enable the regional projects to access the skills and talent required to succeed by:

- **Facilitation:** Provide connections to regional workforce by ensuring strong pathways to supply groups (schools, tertiary, MSD etc), raising awareness of careers and job opportunities, and direct job brokerage with key project partners.
- **Mapping:** Employment needs of key projects will be mapped and anticipated to meet needs and enabling the Hub to evolve as large projects grow and complete.
- **Training:** Responsive, focused training of industry workers to help fulfil employment needs.
- **Pastoral Care:** Industry workers employed through the Hub will be supported with pastoral care services.

The Hub is able to connect to supply chains that other recruitment agencies do not generally access in effective ways, such as schools, tertiary, MSD, Iwi and general public wanting to upskill or retrain. This will ensure that local people are given the opportunity to obtain employment before the contractors look outside the region.

Funding details

The funding requested will cover the costs of ^{Commercial In} full time staff and ^{Commerce} part time:

- ^{Commercial Information}
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Funding will also go towards general operation for the Hub space.

Target Groups

The target groups for this programme are broad and includes all people of working age - youth, job seekers, career changers and all under employed. There will be specific targets related to Māori. Potential applicants will be sourced through a number of mechanisms, outlined below:

- Schools. School connections will be achieved through a collaboration with ^{Commercial Information} and ensure youth are aware of the employment opportunities and the training they need to work in large civil construction projects.
- Tertiary. Several tertiary providers in the region (including Massey, UCOL, and other PTEs) deliver programmes relevant to the Te Ahu a Turanga project. The Hub will connect with these programmes to promote awareness of opportunities and the nature of skills being sought.

- MSD. Close liaison will occur between the Hub and MSD to ensure jobseekers and NEETs are able to access the training needed and employment opportunities.
- General employment pool. The Hub will advertise to promote opportunities to the general public, generating overall awareness for those looking to change career or shift employment.
- Commercial Information. The Commercial Info will attract trainees for its civil construction and road transport courses from a range of sources, some of whom will be directed to the Hub for employment opportunities during and after training.
- Existing construction consortium employees. Consortium members will direct employees to the Hub for additional training.

Outcomes

Key outcomes are described in the below table:

The average cost per outcome is \$ Commercial Info

	Response	PDU (TAM) Statement regarding achievability of target
Number of people expected to attain employment as a result of the project/activity annually (on average):	Commercial Info people – Commercial Info people – Commercial Info people –	This is likely to be achievable given the large infrastructure needs in the area. Commercial Info % will have sustainable employment.
Number of people expected to receive training as a result of the project/activity annually (on average)	24 people – Commercial Info	This reflects the need for upskilling and training participants may need.
	111 people – Commercial Info	
	178 people – Commercial Info	

Assessment against the PGF criteria:

Eligibility Criteria

This application is eligible for PGF funding.

Productivity Potential

The project will improve productivity in the region by:

- Increasing the pool of local people who meet the requirements to fill current and future employment opportunities, reducing reliance on imported labour.
- Increasing participant’s employability by ensuring training and upskilling and providing pastoral support to help ensure sustainability of employment.

Policy objectives

1. It focusses on supporting local people into local employment opportunities by addressing specific needs of local workforce and facilitating training and upskilling.
2. It ensures additionally by filling a gap in service provision which existing cross-government does not cover.
3. This will build and strengthen mechanisms for coordination of workers, government and industry that will endure past the lifetime of the PGF.
4. It reinforces the wider government investment in regional infrastructure and indirectly reinforces investment in PGF Tier 2 (Sector Investment) and Tier 3 (Enabling Infrastructure) projects by increasing skills and experience of those in civil infrastructure sector.

PGF Criteria	Assessment Commentary	Rating (Y or N)
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Link with fund and government outcomes		
Aligns with relevant regional economic and employment plans and priorities, including any Māori development plans	<ul style="list-style-type: none"> This programme will help to support the growing infrastructure need in Manawatū-Whanganui region and aligns to the Growing Manawatū strategy and Accelerate25 plan. 	Y
Demonstrates potential to meet the current or future labour market skill needs of the region, including those resulting from PGF Tier 2 and 3 investments	<ul style="list-style-type: none"> This will help to facilitate needs of the large infrastructure projects in the region. The Hub will have a specific focus on mapping demand and responding to the future regional employment needs. 	Y
Reduces the rates of people not in employment, education and training, with an emphasis on Māori	<ul style="list-style-type: none"> The target group will include MSD clients. No primary focus on Māori, however specific targets will be implemented by the Hub. 	Y
Increases local employment and earning potential, by supporting local people into local jobs, with an emphasis on sustainable employment outcomes	<ul style="list-style-type: none"> This programme will help to deliver a regionally prepared and trained workforce and facilitate people into locally based employment and reduce the need for contractors to pull staff from outside the region. The project will help to improve earning potential by upskilling young people to be work ready. The programme will have an initial focus on the roading infrastructure projects and will adapt to the changing workforce needs as the infrastructure projects change. 	Y
Additionality – adds value by building on what is already there		
Addresses a gap in current service provision e.g. does not cover activities that are already funded for (unless funding is to up-scale or re-start, existing projects)	<ul style="list-style-type: none"> The Hub will ensure that clients with the right skills are connected directly to jobs and facilitate others to access training so they can obtain employment in the major projects. The application is critical for the coordination of skills development and talent management to meet the needs for the civil construction sector. 	Y
Demonstrates why third party funding, including other government agencies, cannot be used to address the current gap in service provision	<ul style="list-style-type: none"> Most large contracting companies have HR branches and/or use recruitment agencies to source staff. The Hub is able to connect to supply chains that other recruitment agencies do not generally access such as MSD clients, schools etc. MSD Central have already got contracts in place with other providers for the provision of training and support within the civil construction sector. They see the hub as a complementary support option for their clients. Commercial Information is primarily focussed on youth. The Hub will work closely with Commercial Info to ensure the civil infrastructure pathway is a key component programmes. 	Y

Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> The project was developed specifically to address filling the employment need for the Te Ahu a Turanga: Manawatū Dannevirke highway. It will expand as large scale regional projects change. Businesses in the region have identified difficulties with accessing skilled workers. This will help to bridge this gap and ensure success for current and future projects. 	Y
Support from local employers, central and local government, and governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> Evidence of support has been provided across a range of stakeholders. Letters of support have been provided as attachments. The programme has linked with <small>Commercial Information</small>, they will provide most of the training for the programme participants. MSD connection is critical component and initial conversations indicates the Hub will have an MSD staff member dedicated to the Hub and its outcomes. <small>Commercial Information</small>, will provide the connections with school aged participants and will promote this civil infrastructure programme. 	Y
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> The application includes funding for an Operations Manager who will have overall responsibility for management of the Hub. An advisory group has been established, membership consists of: NZTA MSD, Project lead Te Ahu Turanga, UCOL, MBIE, District Council and Iwi representation. They help support the Trust in operational aspects. The Trust Board has not yet been confirmed, a list of board members will be required for Due Diligence. 	Y
Demonstrates the capacity and technical capabilities to effectively implement the initiative	<ul style="list-style-type: none"> The Hub model has been modelled on a similar approach at the Ara Airport and Skills Hub, which has been successful. <small>Privacy of natural persons</small> 	Y
Risk management approach	<ul style="list-style-type: none"> Outlined in their application, page 11. 	Y
Future ownership / operational management	<ul style="list-style-type: none"> It is expected industry will contribute to the costs of the hub from <small>Commercial Info</small> onwards through placement fees and general support. 	Partial
Funding Arrangements		

The funding will be distributed via a milestone plan, which is likely to include an upfront costs for set up. This will be confirmed during the contracting stage.

Due Diligence and Ownership

Due Diligence was undertaken in November 2019. Further checks will be conducted once further Trustees are appointed. This will form part of the Conditions Precedent in the contract.

Risk Assessment

The key risks to the PDU and proposed mitigations of this investment are as follows:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
Project partnerships	The Hub does not meet key project partner needs	<ul style="list-style-type: none"> Set clear strategy and monitor regularly. Ensure advisory group is maintained throughout to complement Hub governance. Develop relationships and establish MOU's with schools, tertiary, MSD, Iwi and any other supply channels in first stages of implementation. 	Med/High
Training Delay	NDTC, as preferred training provider, is too slow to react to training needs	<ul style="list-style-type: none"> Clearly set out requirements for training with ^{Commercial In} in MoU as part of initial implementation. Reserve right to develop relationships with training providers directly if ^{Commercial In} is unable to. 	Med
Competition	Competition from NDTC and relationship breakdown	<ul style="list-style-type: none"> Be clear and upfront on expected outcomes and relationship boundaries through MOU's between Hub and ^{Commercial In}. Have a clear disputes process in place to allow appropriate escalation. 	Med
Funding	Insufficient funds means unable to be sustainable	<ul style="list-style-type: none"> Develop financial plan, revenue models and reporting system early to mitigate risk. 	Med
Recruitment	Hub has too many work participants for the project	<ul style="list-style-type: none"> Utilise regional connections to connect work placements with key regional partners. Work closely with ^{Commercial In} to 'share' trainees. 	Med

Consultation undertaken or implications:

Support letters are attached as Appendices to this coversheet.

Supporting proposal:

Yes

Appendices:

Yes – Application and supporting letters are as annexes ^{Withheld - Commercial information}

Author of paper:

Te Ara Mahi Team