

COVER SHEET – PGF SKILLS & EMPLOYMENT (TE ARA MAHI)

3.2 Otago Southland Construction Workforce Modelling Project Te Ara Mahi (TAM) Application Otago and Southland		For: Approve/Decline/Review/Feedback/Noting			
Tier:	1 - Regional	Sector:	Primary Industry		
Background & context:		Recommendation(s): Approve			
Applicant Organisation: <ul style="list-style-type: none"> Ministry of Social Development (MSD) Location: <ul style="list-style-type: none"> Dunedin, Otago Proposal: <ul style="list-style-type: none"> Otago Southland Construction- Workforce Modelling of Related Projects and Future Workforce Skill Requirements. Funding Sought: <ul style="list-style-type: none"> Total project value: \$ <input type="text" value="Commercial Format"/> PGF Te Ara Mahi Funding: up to \$250,000 Background: <ul style="list-style-type: none"> Otago Southland currently has approximately 800 construction projects. The forecast spend over the next 15 years is upwards of \$10 billion. This substantial construction pipeline has sparked concern around the capacity of the local construction industry and its ability to deliver on this many projects. Concerned stakeholders have held several meetings to discuss these concerns and agreement was reached that MSD be the lead applicant on behalf of the following members to put forward an application to the Provincial Growth Fund: 		We recommend that the SRO: <ol style="list-style-type: none"> Discuss the application from MSD for Workforce Modelling for the Construction sector to determine the future construction pipeline and workforce resources for Otago Southland. Note that the PDU Investment Team has assessed the application and have concluded that there is alignment with the criteria of the P Note MSD are the lead applicant because of their close working relationships with government agencies, non-government organisations, industry groups, communities, iwi as well as their extensive expertise with NZ Government Procurement & the NZ Government Electronic Tenders Service Note the applicant was required to answer additional questions and has responded in detail – see Appendix A Note the applicant after wider consultation notes that the funding request is aligned to current market rates and dependant on tenders - Appendix A. Note the South Island struggles to attract people to work and live there as evidenced when the Government announced in 2017 a one year South Island Contribution visa policy to provide a one-off pathway to residence for around 1,600 migrant workers and their families who have been living in 			
<table border="1"> <tr> <td>Ngāi Tahu</td> <td>Enterprise Dunedin (Dunedin City Council)</td> </tr> </table>		Ngāi Tahu	Enterprise Dunedin (Dunedin City Council)		
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<p>Otago Chamber of Commerce</p>	<p>the Economic Development Agencies of Waitaki, Clutha, Central Otago and Queenstown Lakes District Councils</p>	<p>the South Island for more than five years</p> <p>g) Approve up to \$250,000 from the Te Ara Mahi fund towards Construction Workforce Modelling for Otago Southland</p>
<p>Otago Southland Employers Association</p>	<p>the mayors and CEOs of the Waitaki, Clutha, Dunedin, and Queenstown Lakes Councils</p>	
<p>Industry</p>	<p>Multiple government agencies</p>	
<ul style="list-style-type: none"> • MSD are proposing the funding of Construction - Workforce Modelling covering two phases: <ul style="list-style-type: none"> ○ Phase one will look at the current and future labour force training and supply pipeline and assess this in relation to forecasted labour force needs. ○ Phase two will explore and develop ideas to increase the supply and training of construction workers and reduce the reliance on migrant labour. 		
<p>Is it clear why Crown Funding is required?</p>		
<p>Yes</p>		
<p>PGF Skills & Employment criteria that this proposal supports:</p>		
<p>Te Ara Mahi Criteria</p>	<p>Assessment Commentary</p>	<p>Met (Y /N/Partial)</p>
<p>Link with fund and government outcomes – delivers benefit to communities</p>		
<p>Acts as a catalyst for improving productivity potential in the region (s)</p>	<ul style="list-style-type: none"> • This project will work to build on and develop current construction workforce training programmes in the region. • This project will give local construction firms the means to train and upskill new jobseekers to increase their workforce. This will give local businesses confidence to bid for tenders knowing they have the right resources in place. 	<p>Yes</p>
<p>Aligns with relevant regional economic and employment plans and priorities, including any Māori development plans</p>	<ul style="list-style-type: none"> • Many of the projects proposed, such as the <small>Commercial Information</small>, are priority construction projects for the region. As such, any work that ensures this, and other large construction projects will inherently align with regional priorities. In addition, this project has significant support from a range of key governance groups across Otago Southland. • This project is being proposed on behalf of <small>Commercial</small> 	<p>Yes</p>

	Commercial Information, the mayors and CEOs of the Waitaki, Clutha, Dunedin, and Queenstown Lakes Councils.	
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"> See above points – workforce modelling for construction to identify future needs 	Yes
Reduces the rates of people not in employment, education and training, with an emphasis on Māori	<ul style="list-style-type: none"> The construction projects in the regions have the ability to reduce rates of most cohort groups as there will be a coordinated approach. Local statistics for NEET's, Maori etc...supplied in Appendix A 	Partial
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"> The workforce modelling will provide local construction firms and training institutions the evidence to plan their future skill requirements and to train and upskill new jobseekers to increase their workforce. This will give local businesses confidence to bid for tenders knowing they have the right resources in place and thus increase their local employee base. 	Yes
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"> There is a disconnect between education and employment as well as other pipelines. This modelling looks to make all opportunities more visible and accessible for those looking for employment. This project will work to build on and develop current construction work force training programmes in the region. 	Yes
Demonstrates why third party funding, including other government agencies, cannot be used to address the current gap in service provision	Commercial Information	Yes
Demonstrates awareness of and ability to connect to other services/initiatives that are complimentary to the project	<ul style="list-style-type: none"> Application is for Construction Workforce Modelling which could set the benchmark for other sectors 	N/A
Connected to regional stakeholders and frameworks		

<p>Has support and input, where applicable, from:</p> <ul style="list-style-type: none"> Local; industry, employers, community groups and employment bodies/governance mechanisms central and local government agencies iwi and other Māori governance mechanisms 	<ul style="list-style-type: none"> Support has been provided from the following organisations; <ul style="list-style-type: none"> Ngai Tahu the mayors and CEOs of the Waitaki, Clutha, Dunedin, and Queenstown Lakes Councils Otago Southland Employers Association Enterprise Dunedin Pete Hodgson, Southern Partnership Group Chair Dunedin Hospital Build Otago Workforce Development Group Otago Chamber of Commerce Ministry of Social Development 	<p>Yes</p>
<p>Governance, risk management and project execution</p>		
<p>Has robust project management and governance systems planned or in place</p>	<ul style="list-style-type: none"> MSD will manage the tender process and appointment. MSD will contract directly with the successful tenderer and provide regular updates to the stakeholder group (made up of representatives from each of the key stakeholder groups identified in the “background” section of this report) and the provincial development unit. In addition, this project will undertake extensive consultation with industry, including workshops on a draft modelling report. 	<p>Yes</p>
<p>Demonstrates the capacity and technical capabilities to effectively implement the initiative e.g. has experience in building local capacity, lifting work readiness and knowledge of the local labour market</p>	<ul style="list-style-type: none"> Application is for Construction Workforce Modelling 	<p>N/A</p>
<p>Risk management approach outlined</p>	<ul style="list-style-type: none"> Regular reporting of progress to the stakeholder group will ensure timelines are adhered to, risks are quickly identified, and the project regularly reviewed for quality assurance. 	<p>Yes</p>
<p>Future ownership / operational management identified</p>	<ul style="list-style-type: none"> The modelling will be co-owned and available to all stakeholders in the stakeholders group. It is to inform future training and upskilling opportunities for locals 	<p>Yes</p>
<p>a) The purpose of this briefing is to consider recommending PGF funding for the Te Ara Mahi project application Otago Southland Construction Workforce Modelling Project</p>		

Te Ara Mahi (TAM) View: Te Ara Mahi recommends this proposal for funding as it meets TAM criteria.

- *Due diligence:* As the applicant and most stakeholders are local governance groups full due diligence is not required.
- *Conflict(s) of interest:* Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further.
- *Illegal Activity:* Based on the application information provided and feedback from other agencies there is no indication that the applicant or project has been involved in, or associated with illegal activity.
- *Alignment with Regional development plans:* This project broadly aligns with Regional Development Plans through increased participation of residents in the workforce. However, this project is not directly referenced in Regional Development Plans.
- *Commercial funding availability:* Given the nature of the project which is to assess local construction labour force and training programmes and has no expected cash flows commercial funding is not considered a feasible option. *Advice on PR/Ministerial announcements and events.*

Consultation undertaken or implications:

Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	N/A
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Supporting proposal:

Yes

Appendices:

Yes -- Follow up question and response information supplied by MSD

Sponsor(s):

N/A

Manager/Author of paper:

T P - SWEP Team