

COVER SHEET

| 3.1 ASET Project PGF Application | For: Approve |
|--|---|
| Background & context: | Recommendation: |
| <p>Applicant Organisation:</p> <ul style="list-style-type: none"> Aotearoa Social Enterprise Trust (ASET) <p>Location:</p> <ul style="list-style-type: none"> East Coast/ Tairawhiti <p>Proposal:</p> <ul style="list-style-type: none"> ASET provide employment and job training for 'hard to place' members of Gisborne's work force. ASET is seeking to expand its current operation by establishing a food processing facility and expanding the capacity of their produce gardens. <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: \$ Commercial Information PGF Funding: \$ Commercial Information ASET has secured co-funding. They note a figure of \$ Commercial Information that is broken into a series of co-funders: <ul style="list-style-type: none"> Commercial ai informatio n <p>Commercial Information</p> <p>Background:</p> <p>Aotearoa Social Enterprise Trust (ASET) was established in 2017 to develop job creation opportunities and provide an alternative model of pastoral care to keep people in work.</p> <p>ASET currently employs Commercial Information people across a range of industries, and has gained strong results in providing employment pathways for people struggling to re-enter the workforce.</p> | <p>We recommend that the IAP:</p> <ol style="list-style-type: none"> Discuss The ASET PGF application that seeks to expand ASET's operation Note The application has been assessed by the PDU Note The PDU has sought technical advice from MSD and TPK. Both agencies have field staff in Gisborne and have provided technical assessment of this project Note Commercial currently has a work place contract with ASET. This has been discussed with Commercial, and the PDU is happy that no cross-funding issues exist Note MSD are supportive of ASET and the work they are undertaking Note The PDU has employed a contractor to provide assistance to several regional projects in Tairawhiti. ASET has been one of these. The contractor helped to better inform the PDU, with a particular focus on scaling up ASET's operation following concerns from the PDU that the proposed 'step change' is significant Note The contractor was satisfied with ASET's answers to the PDU's concerns, noting that a series of staged expansions would inevitably lead to the daily operation being affected through BAU interruption. This should not stop the IAP considering a staged expansion |

ASET has outlined a number of goals in this application.

1. The establishment of a processing facility to provide year round employment for ASET's employees
2. An expansion of ASET's garden facility
3. To achieve an average wage target of \$^{Commercial} for each employee by the year 2020
4. An expansion of the products both grown and manufactured
5. An increase in GDP in the Tairāwhiti region
6. To grow produce that is not currently grown in the region to ensure that ASET will not compete with the existing market
7. To be profitable and enable the profits to contribute towards:
 - Relief of poverty
 - Education
8. The establishment of a facility that could be used by start-up businesses and entrepreneurs to test product and market assumptions, without incurring the risks associated with plant investment

ASET currently has 5ha of land growing produce. Additionally, it contracts the manufacturing of products to outside businesses. The contracted work is seeking to be brought into ASET, providing further employment opportunities for new workers.

ASET has provided a list of entities currently working with ASET and receiving ASET produce and products. This includes:

- Commercial Information
- [Redacted]

Additionally, ASET has provided a list of companies with which it has discussed the opportunity to provide product. This includes:

- Commercial Information
- [Redacted]

ASET has also outlined evidence of the compliance it has secured, providing evidence the organisation has a strong understanding of the environment in which it operates.

h) Note Free and frank opinions
 [Redacted]

i) Note Commercial Information
 [Redacted]

j) Support the recommendation to
Approve up to \$^{Commercial Information} from the PGF fund for ASET subject to:

1. The applicant providing final project costs relating to the construction of the processing and manufacturing facility and expansion of ASET's gardens
2. A new project manager being appointed
3. Due diligence being completed on any business contracted to the scale up

| <p>Concerns about the significant scale up of ASET's operation have been outlined to the applicant. ASET has noted that a scaled approach could be undertaken. The issue with such a model is that as ASET would subsequently expand, the existing operation would likely be affected each time a smaller but staged expansion was undertaken. This has been noted by the PDU but should not necessarily preclude this option being adopted.</p> | | |
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| PGF criteria that this proposal supports: | | |
| PGF Criteria | Assessment Commentary | Rating (1✓ to 5✓) |
| Link with fund and government outcomes | | |
| Creates permanent jobs | <ul style="list-style-type: none"> • ASET currently employs ^{Comm} FTEs. Its goal is to continue working with, and increase the number, of the region's long-term unemployed and hard to place workers providing well paid, year round employment | ✓✓✓✓✓ |
| Delivers benefit to the community | <ul style="list-style-type: none"> • ASET seeks to work with traditionally hard to place people and has achieved a track record of providing employment for such individuals. This service is of benefit to the community and ASET has the support of MSD and TPK | ✓✓✓✓✓ |
| Increased utilisation and returns of Maori asset base | <ul style="list-style-type: none"> • Acknowledging that a significant number of the people ASET works with are Maori, and that helping people to achieve better employment outcomes is a strong return, ASET aids in the provision of increasing the Maori asset base | ✓✓✓✓ |
| Enhanced sustainability of natural assets | <ul style="list-style-type: none"> • N/ A | |
| Mitigation of climate change effects | <ul style="list-style-type: none"> • N/ A | |
| Additionality | | |
| Adding value by building on what is already there | <ul style="list-style-type: none"> • ASET is a current provider of services associated with providing employment for long-term unemployed. They are seeking to expand their operation, thus, extending to the opportunity to provide additional employment opportunities for the region's harder to place workers. | ✓✓✓✓ |

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| Acts as a catalyst for productivity potential in the region | <ul style="list-style-type: none"> While the expansion of ASET's operation will bring additional economic activity to the region, and they note increasing GDP in the region is a goal, the opportunity to place an increased number of the region's 'at risk youth' and long-term unemployed into work, offers wider potential for increasing regional gains via better social as well as economic outcomes | ✓✓✓✓ |
| Connected to regional stakeholders and frameworks | | |
| Alignment with regional priorities | <ul style="list-style-type: none"> Broadly, the project seeks to increase economic activity via increasing employment and, harvesting and manufacturing in the primary sector. These are noted as priorities in the region | ✓✓✓ |
| Support from local governance groups (inc. Councils, Iwi/Hapu) | <ul style="list-style-type: none"> The applicant has provided a detailed list that outlines significant support for the model and entity | ✓✓✓✓ |
| Governance, risk management and project execution | | |
| Robust project management and governance systems | <ul style="list-style-type: none"> The PDU has discussed the structure of the organisation and those leading it with ASET. MSD and TPK have provided information about the management structure and confidence is noted with ^{Commercial} currently funding ASET under a work place contract. ^{Commercial Inf} Commercial Information [Redacted] | ✓✓✓ |
| Risk management approach | <ul style="list-style-type: none"> ASET complies with a number of relevant health and safety and food safety regulations in order to operate. The applicant has outlined a risk/ mitigation register. The PDU has assessed this and notes that it is fit for purpose for ASET's current operational model. The establishment of the new facility, should this application be successful, will require the development of a detailed construction risk register. This could be developed in consultation with the contractor employed to construct the processing plant. | ✓✓✓ |
| Future ownership / operational management | <ul style="list-style-type: none"> ASET operates under a Trust model. The applicant has provided a document outlining the names of the Trustees. | ✓✓✓ |

The purpose of this briefing is to consider recommending PGF funds to ASET

Risks Issues:

The Applicant has provided a risk/ mitigation register that focuses on the operational side of ASET's activities. The PDU has assessed this and notes it is adequate for the operation as it currently operates.

The PDU notes that additional risks need to be addressed should this application be successful.

- If ASET establish a processing and manufacturing facility, a risk/ mitigation register will be required to safely construct the complex.
- Once operational, the applicant has noted that new machinery will be installed and used daily. This activity will carry with it inherent risk that will need to be acknowledged and managed.
- ASET is seeking to significantly expand its operation. This will carry risk as a natural result of scaling up

Eligibility points of note:

- *Due diligence*:- Full due diligence is to be completed. It is a condition of approval that due diligence is to be to the satisfaction of the Head of PDU Investment team.
- *Conflict(s) of interest*:- Based on the information provided no conflict of interest is evident that has not been noted, 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*:- The application has strong support from district and regional entities
- *Commercial funding availability*:- Given the nature of the project which is to work with sectors of the work force that are considered high risk, access to commercial funding is not a feasible option.

Consultation undertaken or implications:

| Legal | N/A | HR | N/A | Finance | N/A | MBIE policy | N/A | Other | MSD, TPK, HPR, PDU contractor |
|---------------------------------|-----|----|-----|---------|-----|-------------|-----|-------|-------------------------------|
| Supporting proposal: | | | | | | | | | |
| Yes | | | | | | | | | |
| Appendices: | | | | | | | | | |
| Yes - Application | | | | | | | | | |
| Sponsor(s): | | | | | | | | | |
| N/A | | | | | | | | | |
| Manager/Author of paper: | | | | | | | | | |
| ELH Investment Team | | | | | | | | | |