

COVER SHEET

3.5. National Driver Training Centre (NDTC) Project PGF Application	For: Approve
<p>Background & context:</p> <p>Applicant Organisation:</p> <ul style="list-style-type: none"> Manfeild Park Trust (MPT) Charitable Trust <p>Location:</p> <ul style="list-style-type: none"> Manfeild Park Track, Feilding Manawatu/Whanganui <p>Proposal:</p> <ul style="list-style-type: none"> Extend the current Class 1 drivers training program to incorporate Class 2 to 5 -- the full range of driver training (car, truck, digger, 4wd, forklift and roller training) <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: <ul style="list-style-type: none"> Capital Ex: \$ Commercial Information Op Ex 3 years: \$ Commercial Information Total: \$ Commercial Information PGF Funding: <ul style="list-style-type: none"> Capital Grant: \$ Commercial Information Op Ex 3 years: \$ Commercial Information Total: \$ Commercial Information <p>Background:</p> <ul style="list-style-type: none"> The capital investment at Manfeild Park will deliver a bespoke training facility incorporating specialist training courses (4WD, Quad, Light Utility Vehicle, wheels, track and rollers). The facility will also incorporate skid pan, civil plant pit, and classroom facilities. General infrastructure improvements (entry roading, car parking, and services) will be undertaken. This proposal is directly aimed at the infrastructure, distribution & logistics and road transport industries in Manawatu/Whanganui. It also directly supports the agriculture and forestry industries by providing trainees that have sufficient licences for 	<p>Recommendation:</p> <p>We recommend that the IAP:</p> <ol style="list-style-type: none"> Note The NDTC Class 1 initiative is at proof of concept stage (focused primarily on learner and restricted) and needs scaling up to ensure a sufficient pipeline of trainees for later Class 2 to 5 training (and also allows 'one-stop-shop' approach for the likes of MSD clients and NEETs, rather than needing to transition them). It has not been taken to pilot stage due to lack of funding. Note That the Class 1 car licence pilot project is being progressed as part of this application. Note That there is a window of opportunity for the NDTC to have significant immediate impact on regional productivity through being ready in time for the early stages of the Gorge project forecast to start 2020. Note That the NDTC has considerable community & industry support, including from CEDA, Manawatu DC, MSD, Iwi, Toyota, TR Group Ltd and Higgins. Letters of support held Note That MPT's contribution to the capital expenditure of \$ Commercial Information is confirmed (grants from Pub Charity, Mainland Trust, Lion Foundation and Horizons Regional Council). Note that financial forecasts have been provided based on various levels of utilisation. Our assessment has been based on a minimum utilisation level of Commercial Information of facilities. <p>a) Support the recommendation to Approve \$ Commercial Information from the PGF fund as a grant</p>

agricultural and forestry work. CEDA research and regional growth study indicates this represents the most significant opportunity for growth in Manawatu.

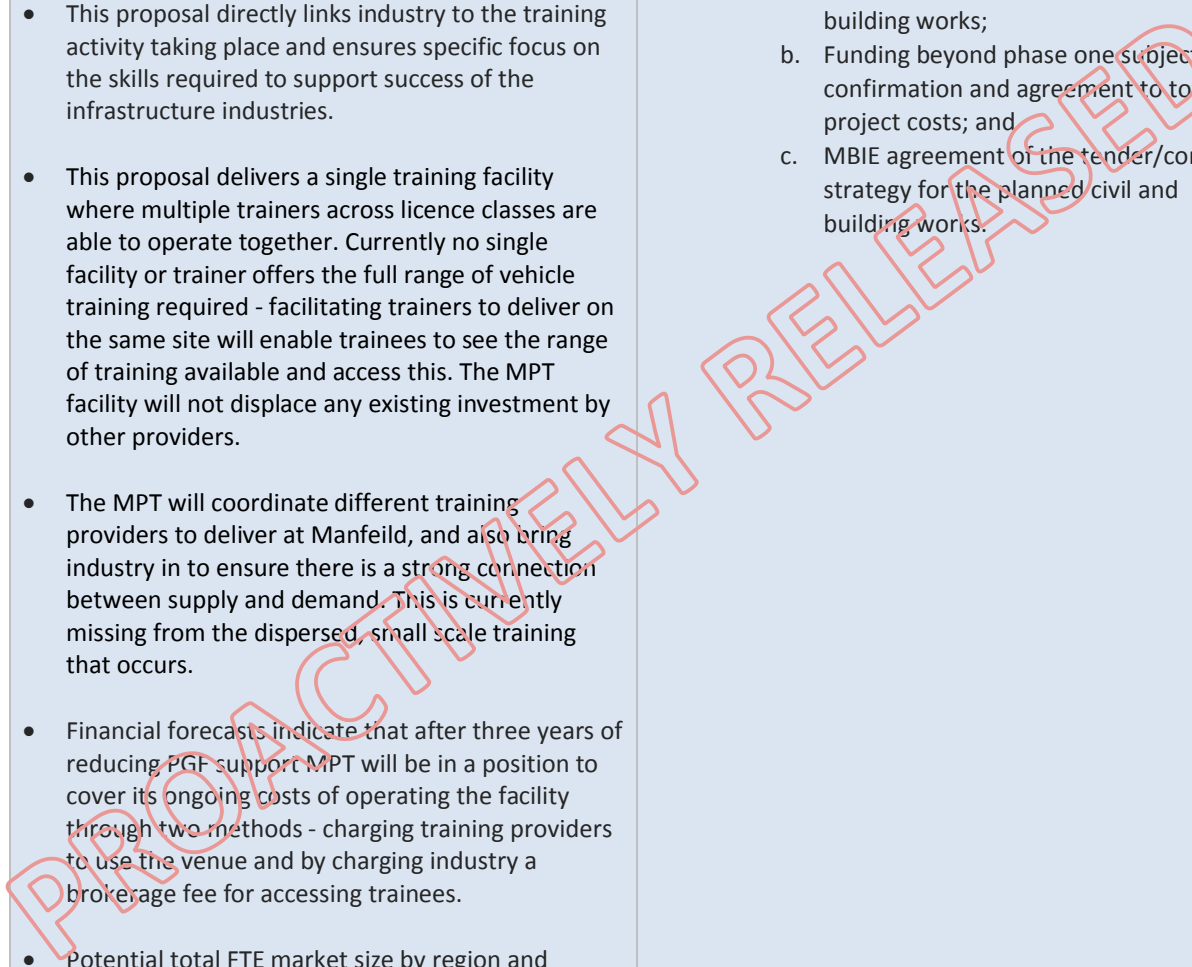
- This proposal directly links industry to the training activity taking place and ensures specific focus on the skills required to support success of the infrastructure industries.
- This proposal delivers a single training facility where multiple trainers across licence classes are able to operate together. Currently no single facility or trainer offers the full range of vehicle training required - facilitating trainers to deliver on the same site will enable trainees to see the range of training available and access this. The MPT facility will not displace any existing investment by other providers.
- The MPT will coordinate different training providers to deliver at Manfeild, and also bring industry in to ensure there is a strong connection between supply and demand. This is currently missing from the dispersed, small scale training that occurs.
- Financial forecasts indicate that after three years of reducing PGF support MPT will be in a position to cover its ongoing costs of operating the facility through two methods - charging training providers to use the venue and by charging industry a brokerage fee for accessing trainees.
- Potential total FTE market size by region and industry:

Heavy & Civil Engineering Construction			Road Transport		
All NZ	Central Region	Manawatu Wanganui	All NZ	Central Region	Manawatu Wanganui
33,700	5,770	1,600	40,800	7,950	2,300

- If we base the assessment of ongoing viability at 50% utilisation of the facilities, MPT needs to source 350 trainees through Class 1 Licensing, 200 through Class 2 to 5 Licensing (primarily Road Transport), and 364 through Wheels, Track and Rollers and Civil Works "Pit" training (primarily the Heavy and Civil Engineering industry).

towards the National Driver Training Centre (NDTC) Project subject to:

- a. Staged payment gateways with phase one covering design and costings with scope of works detailing civil and building works;
- b. Funding beyond phase one subject to confirmation and agreement to total project costs; and
- c. MBIE agreement of the tender/contract strategy for the planned civil and building works.



- MPT has been able to put through over 100 Class 1 Licensing students in under a year as part of initial proof of concept. There are more than 2,500 students leaving school in the region each year of which approximately 40% do not have a licence. Based on these numbers the target of 350 per year appears achievable.
- Higgins and Downers have indicated a requirement to train ^{Commerc} staff per annum. This represents ^{Comm}% of the ^{Commerc} participants of the required volume from just two industry players. Given a total Heavy and Civil Engineering workforce of 1,600 in Manawatu/Whanganui and 5,770 in the wider Central Region, MPT are confident that the remaining ^{Comm}% could be sourced from other commercial organisations.
- For the Road Transport industry, achieving the 200 trainees a year is considered feasible based on the following factors:
 - The 200 per annum represents less than 9% of industry employees in Manawatu/Whanganui in 2016.
 - An ageing workforce and turnover rates underpins demand.
 - Industry is growing rapidly in the region and needs to find new drivers with 3.2% annual growth in employees over the last decade - over 60 new drivers every year, CEDA's Distribution and Logistics Sector Survey 2017 confirms continued growth expectations.

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"> • Encouraging employers to expand their current business operating structures and business reach by providing easy access to a ready pool of qualified talent 	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> • Developing those not in education, employment or training (NEETs) into work ready candidates • Improved employment opportunities for the 	✓✓✓✓

	regions youth and unemployed	
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> Ngati Kauwhata Iwi assess benefits for their people through specialised training and employment 	✓✓✓
Enhanced sustainability of natural assets		
Mitigation of climate change effects		
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> Utilisation and development of Manfield Park. The proposal builds on the existing National Driving Training Centre 	✓✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> Providing additional trained and skilled workers for pre-existing but unfilled regional job vacancies; Enhanced labour performance through upskilling in-work employees; 	✓✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> The NDTC is an enabler project and supports wider projects by providing skilled workers for those projects. These include: <ul style="list-style-type: none"> Manawatu Gorge alternative route project. Palmerston North Ring Road project. Peka Peka to north of Levin expressway extension. It also directly supports the growth of Manawatu's specialisation in Distribution & Logistics, particularly through provision of a skilled workforce for the Road Transport industry. Supports key projects of the Accelerate25 work programme. 	✓✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> Strong support, including from CEDA, Manawatu DC, MSD, Iwi, NZ Police, National Road Carriers, Road Transport Association, NZ Trucking Association, Toyota, TR Group Ltd and Higgins. Letters of support held. 	✓✓✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> Appropriate project governance structure for the delivery of the project is proposed 	✓✓✓
Risk management approach	<ul style="list-style-type: none"> Risks and mitigations identified 	✓✓✓

Future ownership / operational management	<ul style="list-style-type: none"> Manfeild Park Trust. Established 2004 and experienced in managing the facility 	✓✓✓							
<p>The purpose of this briefing is to consider recommending PGF funds to the National Driver Training Centre (NDTC) Project</p>									
<p>Risks Issues:</p> <ul style="list-style-type: none"> Project cost overruns – Mitigation: Agreed tender/contract strategy for the planned civil and building works. 									
<p>Eligibility points of note:</p> <ul style="list-style-type: none"> <i>Due diligence:</i> Entity due diligence completed. It is a condition of approval that any additional due diligence is to be to the satisfaction of the Head of PDU Investment team. <i>Conflict(s) of interest:</i> Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further. <i>Illegal Activity:</i> 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. <i>Alignment with Regional development plans:</i> The Transport and Distribution sectors were identified as key enablers in the Manawatu-Whanganui Regional Growth Study. <i>Commercial funding availability:</i> Given the nature of the project and Not for Profit status of the applicant access to commercial funding is not considered a feasible option. 									
<p>Consultation undertaken or implications:</p>									
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	MPI
<p>MPI supports the proposal as presented.</p>									
Supporting proposal:					Yes				
Appendices:					Yes - Applications and supporting letters are as annexes				
Sponsor(s):					N/A				
Manager/Author of paper:					Nick Hough, Investment Team				