

COVER SHEET

2.3 Wilson Heavy Machinery Operator Training Centre – ^{Commercial Information} PGF Application		For: Approve	
Tier:	1 - Regional	Sector:	Regional Projects
Background & context:		Recommendation(s):	
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> Wilson Earthmoving Group Limited (“Wilson”) <p>Location:</p> <ul style="list-style-type: none"> Whangārei <p>Proposal:</p> <ul style="list-style-type: none"> Funding to establish a heavy machinery training centre in Northland that will deliver fully funded and approved NZQA programmes <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: \$^{Commercial Information} PGF Funding: \$^{Commercial Information} <p>Funding Recommended:</p> <ul style="list-style-type: none"> Total project value: \$^{Commercial Information} PGF Funding: \$4,351,200 <p>Background:</p> <ul style="list-style-type: none"> Earthmoving machine operators use digging machines, such as bulldozers or graders, to move, shape or level earth, rock and rubble. The current training model places pressure on employers to fully train “theoretical operators” to “actual operators” – this proposal brings together technical and practical components to develop the workforce in this space through one consolidated training programme. The goal of this project is to set up a permanent training facility that will provide comprehensive competency based training aimed at addressing the potential skill shortage in the use of heavy machinery in the logging and civil construction industries. 		<p>We recommend that the IAP:</p> <p>a) Discuss the Wilson Heavy Machinery Operator Training Centre application.</p> <p>b) Note the funding being sought is for the establishment of a permanent training centre in Whangārei that will be focussed on training Heavy Machinery Operators and Heavy Diesel Apprentice Mechanics.</p> <p>c) Note that Wilson has considerable regional and industry support, including from Northland Inc, Te Tai Tokerau Skills and Employment Steering Group, Fulton Hogan, Gough Group, Farmlands Fuel, Surefoot NZ, Gulf Oils, Rosewarne Cable Loggers, LC Hydraulics, Hancock Forest Management, Civil Contractors NZ.</p> <p>d) Note the contributions of \$^{Commercial Information} from ^{Commercial Information} Commercial Information to the facility demonstrate a high level of collaboration.</p> <p>e) Note the PDU has assessed the application and recommend the land purchase component (Wilson contribution) be removed from the overall project scope, this results in a new total project value of \$^{Commercial Information}. Of this amount, the PGF Funding will be \$4,351,200.</p> <p>f) Note the funding will cover ^{Comm}% of the costs to set up the facility and establish the training programme. The facility set-up costs are \$^{Commercial Information} and the implementation of the training programme is \$^{Commercial Information}. A portion of this funding may be funded through Te Ara Mahi.</p>	

- Wilson and contributions from other parties have enabled a temporary training facility to be established at an old quarry site in Whangārei (see annex 1 for a full breakdown). The classrooms and simulators are located in Portacom type buildings and the machinery in the disused quarry includes a motor grader, three diggers and one roller.
- Wilson’s have three simulators purchased from CAT, that are “the first of their kind in NZ”. The first machine is set up as an excavator, the second a bulldozer and the third as a grader. The site (being a former quarry) means trainees can progress from a simulated environment to a real environment easily. The technology helps with accuracy, productivity and also safety.
- This proposal has two key work streams for investment;
 - a) **Stream one** - The set-up of the training facility
This will include the construction of permanent training buildings, building of quarry structures, aligning the quarry to health and safety requirements for quarry training, an annual lease, resource consenting and the purchasing of additional simulators.
 - b) **Stream two** - The implementation of the training programme
This will include the appointment of the training team and manaaki tangata (pastoral care) team (see annex 2 for the centre training pathway). The Training programme for the year 2019 will include eight cohorts of ten students, targeting a 50% participation rate of Maori. Concurrent to this will be the completion of the Private Training Establishment (PTE) application and assessment.
- The key workstream costs include:

<p>Stream One – Facility Set-up <i>Construction of permanent training buildings, quarry structures and general infrastructure improvements.</i></p>	<p>\$ Commercial Information</p>
<p>Stream Two – Training Programme <i>Appointment of training team and completion of PTE accreditation process.</i></p>	<p>\$ Commercial Inform</p>

- g) **Note** that we have used the financial forecasts provided by Wilson for our current assessment of the amount that will need to be made available by way of a loan/grant. We will test these further before finalising the terms on which funding will be provided.
- h) **Propose** we provide in principle approval to fund up to \$ Commercial Information from the PGF by way of a mix of grant and loan. The final amount of the grant and loan will be determined by our further assessment of the financial forecasts. Importantly we will want ensure we maximise the amount provided through a loan, while still ensuring the facility is financially sustainable.
 - i) **Note** that based on our initial assessment the funding needed to make the venture sustainable is a grant of up to \$ Commercial Information and a loan of no more than \$ Commercial Information.
 - j) **Note** that prior to finalising the funding to establish the permanent training facility the PDU Investment Team will need to agree:
 - a. Detailed workstream costs; and
 - b. tender/contract strategy for the planned civil and building works.

TOTAL		Commercial Information
<ul style="list-style-type: none"> The full financial breakdown can be found in Annex 1. Wilson Earthmoving expect all work to be completed by December 2019. There is potential that Wilson could directly deliver some of the construction works as part of this proposal, given this, PDU recommends an agreed tender/contract strategy for the planned civil and building works. 		
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"> This proposal does not directly create a large number of permanent jobs, however it does focus on the upskilling of the workforce through the delivery of the training programme. This project will be an enabler of better economic outcomes for the region, notably through increased employment prospects. 	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> Increased social outcomes for the trainees that complete the training programme by developing their skills to improve employment prospects that will continue to enable their participation in the regional workforce. 	✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> Not evident 	
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> Not evident 	
Mitigation of climate change effects	<ul style="list-style-type: none"> Not evident 	
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> Working with MSD in relation to the potential client base, current support for three cohorts through the programme Commercial Information. Also working with the Ministry of Education in regards to the education pathway and supporting smooth transitions for young people coming out of secondary school. This includes appropriate qualification levels, working with 	✓✓✓

	schools and ensuring that manaaki tangata (pastoral care) is sustainable and in place.	
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> Building a skilled workforce regionally to meet potential skill shortages of heavy machinery operators in the forestry and civil industries. 	✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> Good alignment with Northland's regional economic action plan under the section of Skills and capability including the focus on a skilled fit for purpose, sustainable local workforce to enable Northland to take up investment and industry/business opportunities. 	✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> The proposal has strong regional support, this includes Northland Inc and Te Tai Tokerau Skills and Employment Steering Group that has representation from a number of central government officials. 	✓✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> Yes, governance and project management model is sufficiently outlined. 	✓✓✓
Risk management approach	<ul style="list-style-type: none"> Sufficient – key risks are identified with suggested mitigation approach. 	✓✓✓
Future ownership / operational management	<ul style="list-style-type: none"> Sufficient. 	✓✓✓
The purpose of this briefing is to consider recommending/ declining PGF funds to the:		
Risks Issues:		
Free and frank opinions		
<p>Perception that funding being provided may be used to purchase the land the facility will be located on. The PDU have removed the cost of the land as part of the project being funded and instead, included the cost to lease the land for one year while Wilson raise the capital to complete the purchase.</p>		
Eligibility points of note:		
<ul style="list-style-type: none"> <i>Due diligence</i>:- Full due diligence has been completed. <i>Conflict(s) of interest</i>:- Based on the information provided no conflict of interest is evident. <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>:- see comments above. <i>Commercial funding availability</i>:- Given the nature of the project which is to establish a training facility access to commercial funding is not considered a feasible option. 		

Consultation undertaken or implications:									
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	
Supporting proposal:					Yes				
Appendices:					Yes - Applications and supporting letters are as annexes				
Sponsor(s):					N/A				
Manager/Author of paper:					SH and PS Investment Team				

PROACTIVELY RELEASED