

## COVER SHEET

<b>2.14 Kiwifruit Labour Coordinator PGF Application</b>		<b>For: Approve</b>	
<b>Tier:</b>	2 - Sectors	<b>Sector:</b>	Food and Fibre
<b>Background &amp; context:</b>		<b>Recommendation(s):</b>	
<p><b>Applicant Organisation:</b></p> <ul style="list-style-type: none"> <li>New Zealand Kiwifruit Growers Incorporated</li> </ul> <p><b>Location:</b></p> <ul style="list-style-type: none"> <li>Bay of Plenty</li> </ul> <p><b>Proposal:</b></p> <ul style="list-style-type: none"> <li>Kiwifruit Labour Coordinator</li> </ul> <p><b>Funding Sought:</b></p> <ul style="list-style-type: none"> <li>Total project value: \$<sup>Commercial Inform</sup></li> <li>PGF Funding: \$99,000</li> </ul> <p><b>Background:</b></p> <ul style="list-style-type: none"> <li>This project is looking to fund one FTE position that coordinates workers and kiwifruit contractors and pack houses to ensure labour force demands are met, and kiwifruit are picked and pruned at the right time. Failure to meet labour force needs could lead to a decrease in the level of kiwifruit production, the destruction of unpicked kiwifruit crop, and a decline in economic output in both the Bay of Plenty region and nationally.</li> <li>Currently, those looking to work in the kiwifruit industry have to contact individual contractors and pack houses themselves to organise work. This can be difficult for foreign workers and those who do not have contacts in the kiwifruit industry. In addition, it does not apply a strategic approach across the Bay of Plenty Region for labour force demand management. This proposal aims to create a position that acts as a conduit matching employment demand with those seeking jobs. It is hoped that this conduit will make it easier for parties to connect and to consider sustainable employment. In addition, this conduit will work</li> </ul>		<p><b>We recommend that the SRC:</b></p> <p><b>a) Discuss</b> the application from NZ Kiwifruit Growers Incorporated for the creation of a labour coordinator position.</p> <p><b>b) Note</b> that the PDU Investment Team assessed the application and has concluded that there is alignment with the criteria of the PGF. Specifically:</p> <ol style="list-style-type: none"> <li>Creation/filling of a significant amount of vacant positions;</li> <li>Increasing productivity potential of the region through increased availability of workforce resources allowing the kiwifruit industry continue to grow and;</li> <li>The high level of local support from both industry and local governance groups.</li> </ol> <p><b>c) Note</b> the proposal is seeking <sup>Comm</sup>% of the total project costs. For grants the PGF requires <sup>Comm</sup>% co-funding.</p> <p><b>d) Note</b> MSD has agreed to co-fund \$<sup>Commercial Info</sup> of this project over two years.</p> <p><b>e) Note</b> MPI has assessed this project and is broadly supportive of it.</p> <p><b>f) Note</b> SWEP are broadly in support of the project where the contingencies below are met.</p> <p><b>g) Approve</b> \$<sup>Commercial Inform</sup> from the PGF fund towards the Kiwifruit Labour Coordinator project on the basis that:</p>	

with Work and Income staff to ensure this sector is integrated and fills positions where appropriate.

- At one point during the 2018 kiwifruit harvest 1,200 positions went unfilled prompting the industry to declare a labour shortage crisis. As the kiwifruit industry looks to expand and potentially double production by 2027 this issue is likely going to worsen. This proposal is one response the industry has identified in order to combat this looming threat.
- As the applicant is funded through grower levies they are tightly restricted in what they can afford to fund. The applicant states they do not have the capacity to fund more than the amount they have committed to co-fund.

**Priority One comments (Bay of Plenty Economic Development Agency):**

*“Priority One supports NZKGIs PGF application for a seasonal labour market coordinator. We do this on the basis that there is a demonstrated seasonal labour shortage and a need to provide some initial leadership to industry in proving the case for labour market coordinators which over time we would expect industry to fund.*

*NZKGI have also worked closely with us on development of a BOP labour market strategy which involves a wider piece of work aimed at addressing the longer term labour market needs of key regional industries in a sustainable manner.” – Greg Simmonds COO*

- The project is stage-gated with funding for year two, (Comm% of the value requested), contingent on the success of year one. This success is to be reported to the PDU via the creation of a 2019 seasonal report.
- The appointment of the position takes place via a robust and transparent employment process.
- Resource allocation and use is reported regularly to the PDU to ensure the position is not repurposed for other operational functions.

**PGF criteria that this proposal supports:**

PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
<b>Link with fund and government outcomes</b>		

Creates permanent jobs	<ul style="list-style-type: none"> <li>This project will directly create <sup>Com</sup>FTE. However, it has the potential to help many others find and fill open positions.</li> </ul>	✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> <li>A project that helps to benefit the kiwifruit industry fill positions has two main benefits for the community: <ul style="list-style-type: none"> <li>It allows the Kiwifruit industry to continue to grow and successfully harvest their produce.</li> <li>It allows people to find and enter paid employment who might otherwise not be able to do so.</li> </ul> </li> </ul>	✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> <li>N/A</li> </ul>	
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> <li>Increasing the availability of workers for the kiwifruit industry will ensure that kiwifruit assets are maintained and continue to be fully utilised (avoidance of waste).</li> </ul>	✓✓
Mitigation of climate change effects	<ul style="list-style-type: none"> <li>N/A</li> </ul>	
<b>Additionality</b>		
Adding value by building on what is already there	<ul style="list-style-type: none"> <li>This project will not directly add value to any existing assets. However, through the provision of labour, and the avoidance of short-staffing, this project has the ability to maximise the value and productivity of existing assets.</li> </ul>	✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> <li>By providing the kiwifruit industry with a consistent source of labour, this project will allow the kiwifruit industry to continue to grow. The growth of this industry could lead to significant productivity gains and economic growth in the region.</li> </ul>	✓✓✓
<b>Connected to regional stakeholders and frameworks</b>		
Alignment with regional priorities	<ul style="list-style-type: none"> <li>This project broadly aligns with regional priorities in that it works to increase workforce participation in the region. In addition, Priority One (the Western Bay of Plenty Economic Development Agency) supports this project and has confirmed it is in alignment with their long term plans to increase labour force availability within the kiwifruit industry. However, this project has not been identified as a priority project for the region.</li> </ul>	✓✓
Support from local governance	<ul style="list-style-type: none"> <li>This project has received extensive support from a</li> </ul>	✓✓

groups (inc. Councils, Iwi/Hapu)	range of local companies and the Western Bay of Plenty Council.		
<b>Governance, risk management and project execution</b>			
Robust project management and governance systems	<ul style="list-style-type: none"> <li>This project will have two forms of governance informing the position and steering the project.</li> </ul>	✓✓✓	
Risk management approach	<ul style="list-style-type: none"> <li>The greatest risk to the success of this project is that the implementation of the coordination position does not address labour shortage issues. This risk will attempt to be mitigated through the continued development and implementation of other plans to help deal with this issue.</li> </ul>	✓	
Future ownership / operational management	<ul style="list-style-type: none"> <li>The applicant is working with their membership to secure funding to sustain this role past the two years funding sought in this application.</li> </ul>		
<b>The purpose of this briefing is to consider recommending/ declining PGF funds to the:</b>			
<p><b>Risks Issues:</b></p> <ul style="list-style-type: none"> <li>There is a high risk that the project will not work to mitigate labour shortage issues in the kiwifruit industry. However, it should be noted that this is an easy low-cost way to attempt to solve this issue and is not mutually exclusive with other projects.</li> </ul> <p><b>Eligibility points of note:</b></p> <ul style="list-style-type: none"> <li><i>Due diligence:</i> 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.</li> <li><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.</li> <li><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.</li> <li><i>Alignment with Regional development plans:</i> This project broadly aligns with Regional Development Plans through an increase in the levels of participation in the local labour market.</li> <li><i>Commercial funding availability:</i> Given the nature of the project which is to coordinate labour needs with those seeking work, access to commercial funding is not considered a feasible option.</li> </ul>			
<b>Consultation undertaken or implications:</b>			
<b>Legal</b>	N/A	<b>HR</b>	N/A
<b>Finance</b>	N/A	<b>MBIE policy</b>	N/A
<b>Other</b>	MSD – Supportive MPI – Supportive		
<b>Supporting proposal:</b>			
		Yes	
<b>Appendices:</b>			
		Yes - Applications and supporting letters are as annexes	
<b>Sponsor(s):</b>			
		N/A	
<b>Manager/Author of paper:</b>			
		Connor Anderson, Investment Team / David van der Zouwe,	

Investment Team

PROACTIVELY RELEASED