



**PROVINCIAL
DEVELOPMENT
UNIT**

AIDE MEMOIRE

Te Ara Mahi – Provincial Growth Fund Tier 1 Investments in Employment, Skills and Capability

Date:	22 January 2019	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2224 18-19

Information for Minister(s)

Hon Shane Jones
Minister for Regional Economic Development

Hon Grant Robertson
Minister of Finance

Hon Phil Twyford
Minister of Transport

Hon David Parker
Minister for Economic Development

Fletcher Tabuteau
Parliamentary Under-Secretary to the Minister for Regional Economic Development

Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Robert Pigou	Head of Investment, Provincial Development Unit	Privacy of natural persons	✓
Hannah Buchanan	Programme Manager – Te Ara Mahi, Provincial Development Unit	Privacy of natural persons	



The following departments/agencies have been consulted

N/A

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments

PROACTIVELY RELEASED



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Purpose

This aide memoire provides the context for a new cluster of Provincial Growth Fund (PGF) Tier 1 proposals (referred to as 'Te Ara Mahi') presented for Regional Economic Development (RED) Ministers' decision for the first time on 29 January 2019.

Robert Pigou
Head of Investment
Provincial Economic Development Unit, MBIE

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Background

1. In October 2018, Cabinet agreed the following investment principles to guide PGF Tier 1 investment in employment, skills and capability (known as 'Te Ara Mahi' or Pathways to Work):
 - a. Focus on supporting local people into local employment opportunities, by addressing the specific needs of those who need more help than can be provided currently in order to achieve sustainable employment;
 - b. Ensure additionality, by only deploying investments where existing departmental funding for workforce initiatives cannot be used to support proposals;
 - c. Build or strengthen mechanisms for coordination or employers, workers and government that will endure past the lifetime of the PGF;
 - d. Reinforce investment in Tier 2 (Sector Investment) and Tier 3 (Enabling Infrastructure) PGF projects. This will include specific requirements within PGF Tier 2 and Tier 3 contracts to work across surge regions to support workforce requirements and to build work readiness and other skills amongst local people.



2. Cabinet also noted it expected an initial investment of \$82.4 million; a focus on five surge regions¹ and development of their investment portfolios; and an expected focus on employment readiness and employer coordination support.
3. In terms of decision-making for Te Ara Mahi investments, Cabinet noted they should remain consistent with the existing PGF framework. Namely:
 - a. Proposals under \$1 million to be decided by Senior Regional Officials (SROs)
 - b. Proposals \$1 million - \$20 million to be decided by RED Ministers
 - c. The upper limit for Tier 1 proposals to be \$10 million per proposal
 - d. Independent Advisory Panel (IAP) advice to RED Ministers is an option, not a requirement.
4. Cabinet also directed RED Ministers to consult with the Ministers of Education, Employment and Social Development on Te Ara Mahi proposals, to ensure PGF investment in employment, skills and capability aligns with broader Government objectives.

Te Ara Mahi priorities

5. Te Ara Mahi is about an entire employment pathway. It is intended for the people who are not yet on the pathway (and may need intensive employment readiness support) to enter into and sustain employment; those who are in employment but may be underemployed and with some targeted support could upskill; as well as employers and others who may also need support, coordination or connections to employ the full range of local people into local jobs.

Te Ara Mahi and PGF objectives

6. Te Ara Mahi supports the overall PGF objective of 'lifting productivity potential in the regions' through three of the five specific PGF objectives, namely:
 - a. (increased jobs and) sustainable economic development
 - b. increased social inclusion and participation, and
 - c. Māori development.
7. Te Ara Mahi is not typically about commercial investment, and not about increasing jobs directly. It will increase the pool of locals ready and skilled to do jobs (particularly those created by PGF Tier 2 & 3 investments) and in time this could have a job creation stimulus effect and support local economic resilience. However, this is not its primary purpose. Te Ara Mahi investments are not required to specifically support the PGF objectives relating to increased jobs, environmental sustainability or climate change.
8. Te Ara Mahi builds on and leverages the work of two existing employment related programmes housed within the Provincial Development Unit: He Poutama Rangatahi and the Sector Workforce Engagement Programme; but will also include other potential interventions and approaches that ultimately support local people into local jobs.

¹ Northland, Bay of Plenty, Hawkes Bay, Tairāwhiti and Manawatū-Whanganui



Te Ara Mahi decision making and RED Ministers

9. Consistent with the PGF decision making framework, and as most suited to this cluster of PGF Tier 1 investments, SROs will decide applications under \$1 million, and RED Ministers will decide applications \$1 million - \$10 million. Rather than receive advice from the IAP, RED Ministers will receive a recommendation from SROs on Te Ara Mahi proposals and also consult with the Ministers of Education, Employment, and Social Development.
10. The first cluster of Te Ara Mahi proposals will be presented for RED Minister approval on 29 January 2019.

Publicity

11. It is anticipated that the Prime Minister will announce the \$82.4 million PGF investment into employment, skills and capability on 4 February 2019.