

## 2.08 TAIRĀWHITI ROAD TRANSPORT – RECRUITMENT AND TRAINING PROJECT TE ARA MAHI (TAM) APPLICATION

PGF Skills & Employment (Te Ara Mahi)		For: Approve	
Tier:	1 - Regional	Sector:	Skills
Background & context:		Recommendation(s):	
<p><b>Applicant Organisation:</b></p> <ul style="list-style-type: none"> <li>Eastland Wood Council Inc EWC is an incorporated society representing the forestry industry from Wairoa to East Cape.</li> </ul> <p><b>Location:</b></p> <ul style="list-style-type: none"> <li>Tairāwhiti</li> </ul> <p><b>Proposal:</b></p> <ul style="list-style-type: none"> <li>To attract, train, upskill and retain licensed class 2, class 4 and class 5 truck drivers for the local road freight transport, forestry and agriculture industries.</li> </ul> <p><b>Funding Sought: \$999,077</b></p> <p>Total project value: \$<sup>Commercial Information</sup></p> <ul style="list-style-type: none"> <li>PGF Funding: \$999,077</li> <li>Commercial Funding: \$<sup>Commercial Info</sup></li> <li>Commercial Information: \$<sup>Commercial Info</sup></li> <li>Commercial Information: \$<sup>Commercial Information</sup></li> </ul> <p><b>Background:</b> This application is for funding to scale up and accelerate the Tairāwhiti Road Transport and Machinery Programme (TRTMP) to attract, train, upskill and retain licensed class 2, class 4 and class 5 truck drivers for local road freight transport, forestry and agriculture industries. The expanded programme will train/upskill and place 78 drivers into employment in Tairāwhiti over the next two years.</p> <p>The TRTMP is a structured, region-wide programme of recruitment, training and employment placement to ensure a sustainable source of work ready, skilled heavy truck drivers and heavy equipment operators. It was established by the freight transport, forestry, agriculture and heavy equipment industry in 2018 to address the current shortage and future need for drivers and operators. There is currently a 10% shortfall of drivers with demand predicted to</p>		<p><b>We recommend that the SRO(s)</b></p> <p>a) <b>Approve</b> \$999,077 from the Te Ara Mahi portion of the Provincial Growth Fund towards the Tairāwhiti Road Transport – Recruitment and Training project.</p> <p>b) <b>Note</b> the project will produce 78 new/upskilled heavy truck drivers to address the current labour shortage and anticipated increase in demand for drivers in Tairāwhiti.</p> <p>c) <b>Note</b> that <sup>Commercial Information</sup> is contributing \$<sup>Commercial Info</sup> to the project.</p> <p>d) <b>Note</b> that <sup>Commercial</sup> is contributing \$<sup>Commercial Info</sup> to the project.</p> <p>e) <b>Note</b> that the project is supported by <sup>Comme</sup> employers who will contribute approximately \$<sup>Commercial Information</sup> by diverting trucks from transport to training over the two years of the programme.</p> <p>f) <b>Note</b> that the project is supported by the regional governance group (the CARE Advisory Forum), MSD, MOE and TPK.</p>	

further increase in the next two years. 30% of drivers in the region are over 60.

The programme coordinator has been funded by <sup>Commercial</sup> and logging transport firm **Commercial Information**. Eastland Wood Council has also contributed to project costs. The programme placed <sup>Comm</sup> participants into employment in the industry in the last year and recruited <sup>Comm</sup> new trainees. PGF funding will expand the programme to place 78 truck drivers over the next two years.

The expanded Tairāwhiti Road Transport Programme has four components:

- 1) attracting and recruiting potential drivers by marketing specialised industry training courses
- 2) training and upskilling 78 truck drivers through specialised industry training courses
- 3) placing 78 qualified drivers with employers
- 4) providing pastoral care for trainees.

McInnes Driving School will provide the initial training for each class of licence (2, 4 and 5) while employers will provide trucks for the on job training hours required to achieve each class of licence. The project is supported by <sup>Comm</sup> employers across the logging, roading, freight, stock and produce industries. Pastoral care will provide support to address personal barriers to employment for any trainees at risk of not completing the programme.

The programme will:

- train 35 participants to drive a class 2 vehicle
- upskill 20 participants with a class 2 licence to drive a class 4 vehicle
- upskill 15 participants with a class 4 licence to drive a class 5 vehicle.

There will be two additional options that cover all three licences (class 2, 4 and 5):

- a cadetship for participants under 25
- an accelerated learning programme for participants over 25.

A full funding breakdown is provided as part of the application. In summary, the costs to be funded by the PGF over two years are:

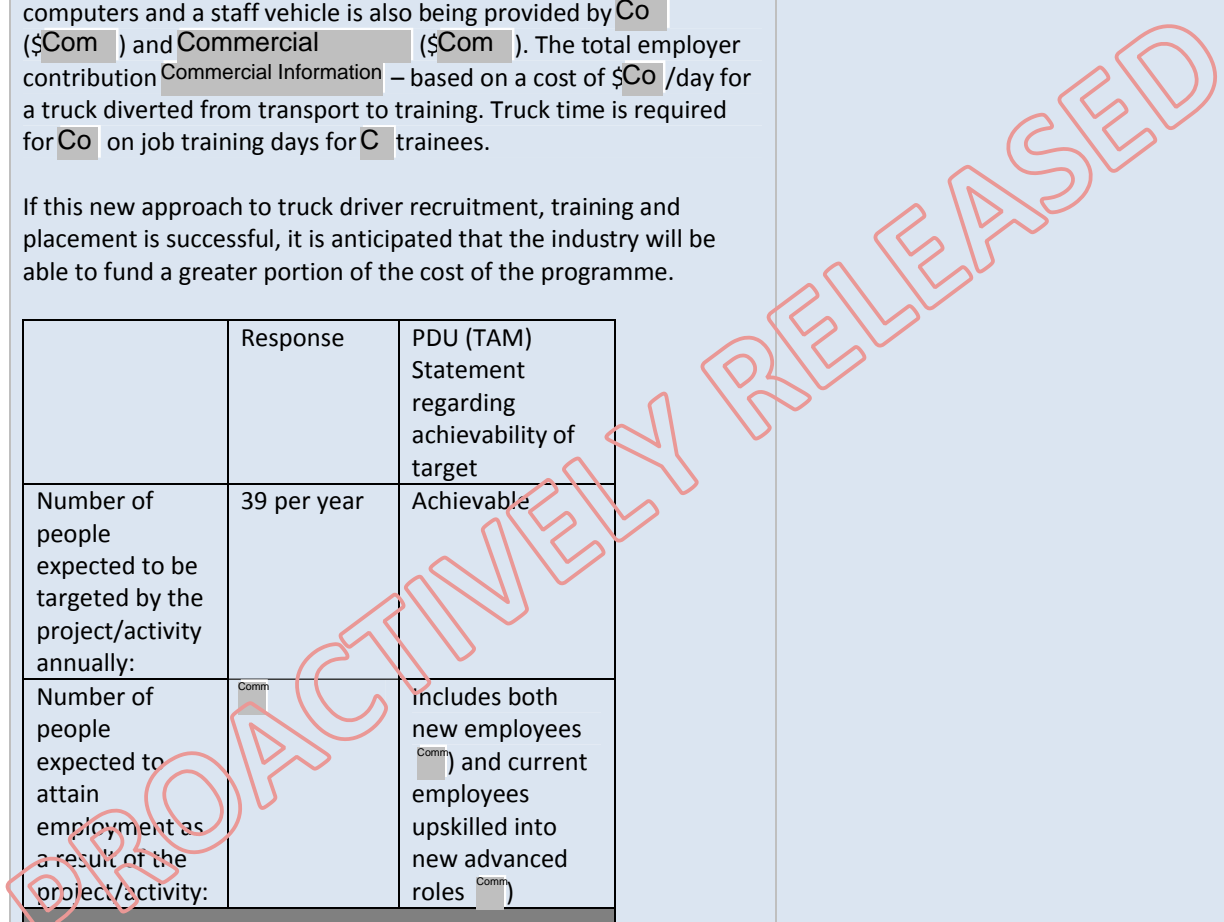
- Programme staff: \$ <sup>Commercial Inform</sup>  
- **Commercial Information**
- Current driver time diverted to on job training of new drivers: \$ <sup>Commercial Inform</sup>
- Li es (class 2, 4 and 5): \$ <sup>Commercial Info</sup>
- Additional training: \$ <sup>Commercial Info</sup>  
- induction, first aid, hydration and nutrition
- Other costs: \$ <sup>Commercial Inform</sup>

- includes personal protective equipment for all trainees, drug tests, requirements for forest access, programme marketing.

A contribution to the cost of programme staff, office space, computers and a staff vehicle is also being provided by Co (\$Com ) and Commercial (\$Com ). The total employer contribution Commercial Information – based on a cost of \$Co /day for a truck diverted from transport to training. Truck time is required for Co on job training days for C trainees.

If this new approach to truck driver recruitment, training and placement is successful, it is anticipated that the industry will be able to fund a greater portion of the cost of the programme.

	Response	PDU (TAM) Statement regarding achievability of target
Number of people expected to be targeted by the project/activity annually:	39 per year	Achievable
Number of people expected to attain employment as a result of the project/activity:	Comm	includes both new employees (Comm) and current employees upskilled into new advanced roles (Comm)
High level outcomes sought by the project/activity:	<ul style="list-style-type: none"> <li>• Will help to address the current and future shortage of skilled heavy truck drivers in Tairāwhiti</li> <li>• Will increase employment in Tairāwhiti, especially for Māori</li> </ul>	
Detail of who else is involved in funding the project/activity:	<ul style="list-style-type: none"> <li>• Commercial - \$ Commercial Info</li> <li>• Commercial Information - \$ Commercial Info</li> <li>• Commercial Information \$ Commercial Information</li> </ul>	



<b>PGF Skills &amp; Employment criteria that this proposal supports:</b>		
<b>Te Ara Mahi Criteria</b>	<b>Assessment Commentary</b>	<b>Met (Y /N/Partial)</b>
<b>Link with fund and government outcomes – delivers benefit to communities</b>		
Acts as a catalyst for improving productivity potential in the region (s)	<ul style="list-style-type: none"> <li>Addressing this shortage of skilled heavy truck drivers is vital to ensure that local industries are able to get their goods to market, particularly as those industries become more productive.</li> </ul>	Y
Aligns with relevant regional economic and employment plans and priorities, including any Māori development plans	<ul style="list-style-type: none"> <li>Aligns with Tairāwhiti Economic Action Plan by meeting RPG Action 8.5: “work with employers in key industries (forestry, horticulture, tourism, engineering, and transport and trucking) to meet labour needs.”</li> </ul>	Y
Demonstrates potential to meet the current or future labour market skill needs of the region, including those resulting from PGF Tier 2 and 3 investments	<ul style="list-style-type: none"> <li>There is a current 10% deficit of skilled heavy truck drivers and demand is set to grow. The TRTP will directly address this shortage.</li> </ul>	Y
Reduces the rates of people not in employment, education and training, with an emphasis on Māori	<ul style="list-style-type: none"> <li>The programme has an established relationship with Commercial for the recruiting current Commercial clients for driver training</li> <li>The majority of trainee drivers will be Māori (Māori make up 80% of the driver/operator workforce)</li> </ul>	Y
Increases local employment and earning potential, by supporting local people into local jobs, with an emphasis on sustainable employment outcomes	<ul style="list-style-type: none"> <li>Commercial drivers will be locally employed – either as new employees or in more senior roles. Employment is sustainable, not only because of increasing demand for these skills but because employers’ commitment to upskilling drivers creates a career pathway.</li> </ul>	Y
<b>Additionality – adds value by building on what is already there</b>		
Addresses a gap in current service provision e.g. does not cover activities that are already funded for (unless funding is to up-scale or re-start, existing projects)	<ul style="list-style-type: none"> <li>The project will scale up the existing Tairāwhiti Road Transport and Machinery Programme (TRTP) that was established in 2018 to address the current need and future demand for heavy truck drivers and heavy equipment operators.</li> </ul>	Y
Demonstrates why third party funding, including other government agencies, cannot be used to address the current gap in service provision	<ul style="list-style-type: none"> <li>Commercial has committed funding (\$Commercial Info)</li> <li>Employers will be contributing over \$Commercial Info as Commercial Information to the cost of the programme by diverting their trucks from transport to training</li> <li>The programme exceeds the training capacity of EIT both in terms of instructors and trucks required. EIT does not offer training for Class 5 licences</li> </ul>	Y

<p>Demonstrates awareness of and ability to connect to other services/initiatives that are complementary to the project</p>	<ul style="list-style-type: none"> <li>Some trainees and employers on the programme can potentially be supported via MSD's Mana in Mahi programme or TPK's cadetship programme</li> <li>This project can also provide a career pathway for some of the rangatahi currently participating in Eastland Wood Council's Generation Programme - a forestry training programme for 16-24 year old rangatahi who are NEET, funded by He Poutama Rangatahi</li> <li>Eastland Wood Council and the Trust intend to establish a similar programme for heavy machine operators, which will be based on this model</li> </ul>	Y
<p><b>Connected to regional stakeholders and frameworks</b></p>		
<p>Has support and input, where applicable, from:</p> <ul style="list-style-type: none"> <li>Local; industry, employers, community groups and employment bodies/governance mechanisms</li> <li>central and local government agencies</li> <li>iwi and other Māori governance mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>The original programme was established by the freight transport, forestry, agriculture and heavy equipment industries</li> <li>The project is supported by <sup>Comm</sup> employers across the logging, roading, freight, stock and produce industries</li> <li>The regional agencies of MSD, MoE, TPK have provided input into and support the project</li> <li>The Sector Workforce Engagement Programme (SWEPP) has provided input into the development of the project</li> <li>The project has been endorsed by the CARE Advisory Forum: the skills and employment sub-group of the Tairāwhiti Economic Action Plan Steering Group. The TEAP Steering Group includes Gisborne District Council, industry leaders and all iwi chief executives</li> </ul>	Y
<p><b>Governance, risk management and project execution</b></p>		
<p>Has robust project management and governance systems planned or in place</p>	<ul style="list-style-type: none"> <li>Robust project management and governance systems have been demonstrated in the application</li> </ul>	Y
<p>Demonstrates the capacity and technical capabilities to effectively implement the initiative e.g. has experience in building local capacity, lifting work readiness and knowledge of the local labour market</p>	<ul style="list-style-type: none"> <li>The Project Manager, <sup>Commercial Information</sup>, is already operating in this role for the current Tairāwhiti Road and Transport Machinery Programme. Since 2018, the programme has placed <sup>Comm</sup> participants into industry employment and has recruited <sup>Comm</sup> trainees for class two and WTR (wheels, tracks, rollers) endorsements.</li> <li><sup>Commercial Information</sup> is a long-established school in Tairāwhiti, with experienced instructors for class 2, 4 and 5 licences. <sup>Commercial Information</sup> has already begun recruitment for additional instructors to meet the demand generated by the project</li> </ul>	Y

		<ul style="list-style-type: none"> <li>The Trust governing the project has excellent knowledge of the local labour market as it includes members from the road freight, forestry and heavy equipment industries</li> </ul>							
Risk management approach outlined		<ul style="list-style-type: none"> <li>Risk management approach is outlined in the application</li> </ul>	Y						
Future ownership / operational management identified		<ul style="list-style-type: none"> <li>The current fund holder and lead organisation for the TRTP is the Eastland Wood Council. In light of the expansion of the programme, the Tairāwhiti Transport and Machinery Training Trust has been established to take on governance and oversight of the programme. The operational Leadership Group has also expanded.</li> </ul>	Y						
<p><b>The purpose of this briefing is to consider recommending PGF funds for the Tairāwhiti Road Transport – Recruitment and Training project</b></p>									
<p><b>Regional Governance Group View:</b> This project has been endorsed by the CARE Advisory Forum, which is the regional skills and employment sub-group of the Tairāwhiti Economic Action Plan Steering Group. The Forum is co-chaired by the Regional Commissioner for MSD and the CEO of Activate Tairāwhiti.</p> <p><b>Risks and Issues:</b> Eastland Wood Council and the Tairāwhiti Transport and Machinery Training Trust intend to submit a Te Ara Mahi application for a similar programme for heavy equipment operators.</p> <p><b>Eligibility points of note:</b></p> <ul style="list-style-type: none"> <li><i>Due diligence:-</i> Due diligence has been requested.</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> The programme aligns with the Tairāwhiti Economic Action Plan.</li> <li><i>Commercial funding availability:-</i> Given the nature of the project (employee training), access to commercial funding is not considered a feasible option.</li> </ul>									
<p><b>Consultation undertaken or implications:</b></p>									
<b>Legal</b>	N/A	<b>HR</b>	N/A	<b>Finance</b>	N/A	<b>MBIE policy</b>	N/A	<b>Other</b>	
<p><b>Cross agency feedback (national offices):</b></p> <p><b>NZTA feedback (20 June):</b></p> <ul style="list-style-type: none"> <li><i>The Transport Agency understands there to be a shortage of drivers in Tairāwhiti and high competition between employers, so the availability of suitably qualified persons will certainly be welcomed by the industry.</i></li> <li><i>The Transport Agency sees benefit if the training is to be subsidised so that there is no cost to the potential driver. This may mean the initiative has the potential to address the lack of willing candidates by drawing from a pool of</i></li> </ul>									

people that otherwise don't have the means or support to access driver training offered on a 'cost recovery' or 'for profit' basis.

- There is insufficient information provided with respect to the content of the courses to determine their efficacy.
- The course provider recipient of indirect funding must administer and comply with the driver licensing rules and statement of approval conditions. The applicants indicate funding will be used to support Eastern Institute of Technology to develop programmes. **Commercial Information**
- It is worth noting that the application names several commercial transport operators –not all are parties to the application, but some are trustees. The employment of those completing their training would seem to be highly contingent on those operators remaining in business, and the trustees – especially those who are Commercial Road Transport operators - have the means to influence the delivery of training.
- The Transport Agency notes that the application in places references the ALP (Accelerated Licensing Process) and, while the matter still has to be determined, the Driver Licencing review proposes that the ALP be discontinued. The ALP is a course in which drivers aged 25 years or older who successfully complete accelerated learner licence courses can progress through heavy licence classes without waiting the required three months of driving experience.

In response to this feedback, more information about the content of the courses has been provided by the applicant. The applicant is also now using **Commercial Information** as its provider than **Commercial**

### MPI feedback (24 June)

The proposal is strongly supported by local stakeholders

#### Recommendation:

THAT MPI support the proposal in principle subject to:

- Greater industry co-funding e.g. **Commercial** cash contribution of project cost
- Validation of costs, including investigation of a loan truck for training purposes
- Details of how current training providers will be linked to or effected by the project
- MBIE complete / confirm Due Diligence
- All conflicts of interest are declared
- Post two year project plan, pricing and forecast models showing sustainable business outcomes
- Linkages to other regional / national driver shortage solution projects
- Applicant engagement with LTSC, MITO and NZTA to produce an aligned, connected and agreed solution across a range of operator types and locations

In response to this feedback, the applicant has provided a greater contribution to the cost of the programme, although this is a contribution in kind rather than the **Commercial In** cash contribution recommended by MPI.

#### Advice from regional and any other PDU teams:

The Tairāwhiti PDU team based in Gisborne (Marsha Wyllie and Shannon Williams) have worked directly with Eastland Wood Council to develop this application.

SWEP Senior Advisor Andrew McNaught has also provided advice during the development of the proposal.

<b>Supporting proposal:</b>	Yes
<b>Appendices:</b>	Yes - Applications and supporting letters are as annexes
<b>Sponsor(s):</b>	N/A

**Manager/Author of paper:**

Nathan Grennell/Hilary Pearce

PROACTIVELY RELEASED