



## National Driver Training Centre

### Project overview

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|--|--|
| <b>Name of the project</b>                   | National Driver Training Centre (NDTC)   |
| <b>Region</b>                                | Manawatū/Whanganui   |
| <b>Applicant</b>                             | Manfeild Park Trust (MPT) Charitable Trust   |
| <b>Total project value</b>                   | \$ Commercial Information  |
| <b>Amount of funding sought from the PGF</b> | \$ Commercial Information  |
| <b>Financial instrument recommended</b>      | Capital expenditure grant (\$ Commercial Information) and Commercial Information operational expenditure grant (\$ Commercial Information) |
| <b>PDU recommendation</b>                    | Approve  |

57. MPT seek PGF funding of \$ Commercial Information to extend the current Class 1 drivers' training programme to incorporate Class 2 – 5 at Manfeild Park Track in Fielding.
58. 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 also be undertaken.
59. This proposal delivers a single training facility where multiple trainers across licence classes can 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 will coordinate different training providers to deliver at Manfeild and bring industry in to ensure there is a strong connection between local supply and demand of work and workers.

#### Agency Comment

60. MSD notes that the National Driver Training Centre (NDTC) proposal would help support career pathways into civil construction, transport and distribution for job seekers, including MSD clients and school leavers. They note that the proposal would also support the forecast skills and labour needs of the proposed road projects as well as shortage of track drivers across the region and nationally.
61. MSD does not fund this type of expenditure. They have allocated funds to support licencing for those not in education, employment or training (NEETs). However, MSD delivery and funding is restricted to MSD clients only. The NDTC project covers the entire employment pipeline from schools, non-MSD client job seekers, community and those in employment extending their skill base to higher value jobs.



62. Te Puni Kōkiri (TPK) is aware that Manawatu-Whanganui is a surge region due to significant pockets of high unemployment sub-regionally within which a significant proportion of the unemployed are Māori, particularly younger Māori. TPK is also aware that where drive license programmes have come into a region, there has been a positive uptake by Māori and that has had good flow-on into increased employment outcomes. TPK has been involved in the discussions re setting up and the development of this project. TPK consider it will have direct benefits for Māori outcomes in the region especially for the opportunity it is likely to offer Māori currently unemployed. TPK supports this initiative.

### Local Support

63. The Central Economic Development Agency (CEDA), Manawatū District Council, local iwi, New Zealand Police, National Road Carriers, Road Transport Association, New Zealand Trucking Association, Toyota, TR Group Ltd and Higgins are supportive of this project.
64. The Sector Workforce Engagement Programme (SWEP) has facilitated early discussions with the regions' stakeholders, including **Commercial Information**. The consensus they arrived at was that Manfeild is the logical site to deliver several employment and skills strategies that have been developed for the key sectors of infrastructure and transport and logistics.
65. The three main Transport Associations, National Road Carriers, Road Transport Association and NZ Trucking Association, are all in support of the initiative as many of their members are experiencing a driver shortage in the wider Manawatū-Whanganui region. These associations represent a large number of employers across the region and will be active in promoting the initiative.
66. Talent Central (a regional initiative designed to make it easier for talent to remain in the district) is expanding its reach to 22 school secondary schools in the wider region. They would like to see the opportunity to provide licences to 2500 students a year. This type of intensive approach at scale could only be done through Manfeild.

### Management and Governance

67. MPT was established in 2004 and is experienced in managing the facility. An appropriate project governance structure for the delivery of the project has been proposed.

### Benefits

68. This proposal is aimed at the infrastructure, distribution & logistics and road transport industries in Manawatū/Whanganui. It also directly supports the agriculture and forestry industries by providing trainees that have appropriate licences for agricultural and forestry work. CEDA research and regional growth study indicates this represents the most significant opportunity for growth in Manawatū.
69. The initiative helps NEETs become work ready candidates, and provides improved employment opportunities for the region's youth and unemployed. In the June 2018 quarter Manawatū-Whanganui had the highest unadjusted regional unemployment rate nationally at 6.6 per cent, and the highest unadjusted underutilisation rate at 18.5 per cent.
70. As indicated above, TPK considers this project will have direct benefits at the individual and household level for Māori in the region by increasing employment opportunities for them.



## Costs and funding sources

71. [Commercial Information]'s contribution to the capital expenditure of [Commercial Information] is confirmed, via grants from [Commercial Information] and Commercial Information.

## 72. Commercial Information

73. Based on the financial information provided, the PDU has calculated break-even at [Commercial Information] per cent utilisation of the facilities. To achieve this, MPT needs to source [Commercial Information] trainees through Class 1 Licensing, [Commercial Information] through Class 2 to 5 Licensing (primarily Road Transport), and [Commercial Information] through Wheels, Track and Rollers and Civil Works "Pit" training (primarily the Heavy and Civil Engineering industry) to be economic. MPT has been able to put through over [Commercial Information] 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 per cent do not have a licence. Based on these numbers the target of 350 per year appears achievable.

74. Commercial Information have indicated a requirement to train [Commercial Information] staff per annum. This represents [Commercial Information] per cent of the [Commercial Information] participants of the required volume from just two industry players. Given a total Heavy and Civil Engineering workforce of [Commercial Information] in Manawatu/Whanganui and [Commercial Information] in the wider Central Region, MPT are confident that the remaining [Commercial Information] per cent could be sourced from other commercial organisations.

75. Once established [Commercial Information] will pay full fees for their staff to participate in training. Industry has offered significant in-kind support.

76. Commercial Information will provide an additional six cars at a total lease value of \$ [Commercial Information]. Combined with the vehicles they already supply to MPT, Commercial Information will be contributing the value of over \$ [Commercial Information] per year.

77. Commercial Information has committed to provide trucks and trailers for the class 2-5 licence initiative, estimated at [Commercial Information] value per year. This commitment will need to be documented.

78. Commercial Information has outlined their in-kind support estimated at \$ [Commercial Information] below:

### Higgins contribution to NDCT Project

|  |  |
|--|--|
| <b>Project Management</b>                  | Overall project management for all civil construction components. Figure based on [Commercial Information] % of the civil construction budget    |
| <b>Technical and professional services</b> | Includes surveying, drainage plan development and technical advice   |
| <b>Machinery lease</b>                     | Machinery supplied for training courses which means they don't need to be leased. This includes the cost of transportation to and from the venue |
| <b>Machinery placement</b>                 | Machinery permanently left at NDTC for training purposes.  |
| <b>Machinery Maintenance</b>               | On-going maintenance of both leased and permanently place machinery  |
| <b>Infrastructure upgrades</b>             | Upgrades to NDTC/Manfeild as a result of training completed on site  |



|                               |  |
|-------------------------------|--|
| <b>Materials for training</b> | Materials used for training such as base course, asphalt and chip seal |
|-------------------------------|--|

79. Commercial Information's in-kind support is valued at \$ Commercial Information and is summarised below:

Commercial Information contribution to NDCT Project

|   |  |
|---|--|
| <b>Vehicle Supply with all class 2 licences</b> | Trucks supplied for training courses as required. This includes the cost of transportation to and from the venue                               |
| <b>Vehicle supply with all class 4 licences</b> | Trucks supplied for training courses as required. This includes the cost of transportation to and from the venue                               |
| <b>Vehicle supply with all class 5 licences</b> | Truck and trailer / Tractor and semi supplied for training courses as required. This includes the cost of transportation to and from the venue |
| <b>Trainers / management</b>                    | Staff supplied to provide advice and ongoing training support as required  |

## PDU assessment of the project

80. This section provides an overview of PDU's assessment against the PGF eligibility and assessment criteria.

### Assessment against PGF criteria

| Criteria   | Rating<br>1 - 5 | Comment  |
|--|-----------------|--|
| <b>Sustainable regional economic development</b> | ✓✓✓✓            | Encourages employers to expand their current business operating structures and business reach by providing access to a ready pool of qualified talent.<br><br>In the June 2018 quarter Manawatū-Whanganui had the highest unadjusted regional unemployment rate nationally at 6.6 per cent, and the highest unadjusted underutilisation rate at 18.5 per cent; with the Horowhenua NEETs rate being 19.4 per cent. |
| <b>Productivity and innovation</b>               | ✓✓✓✓            | The initiative increases productivity  |



| Criteria  | Rating<br>1 - 5 | Comment   |
|---|-----------------|---|
|   |                 | through providing additional trained and skilled workers for pre-existing but unfilled regional job vacancies and enhanced labour performance through upskilling in-work employees.   |
| <b>Increased employment, training or work readiness for the sectors workforce</b>                 | ✓✓✓             | <p>The initiative helps NEETs into work ready candidates.</p> <p>This provides improved employment opportunities for the region's youth and unemployed.</p>   |
| <b>NZ's ability to meet climate change commitments</b>  | N/A             |   |
| <b>Māori aspirations for utilising land and other resources and achieving cultural objectives</b> | ✓✓✓             | Ngāti Kauwhata access benefits for their people through specialised training and employment.  |
| <b>Additionality</b>  | ✓✓✓✓            | The initiative utilises and develops Manfeild Park. The proposal builds on the existing National Driving Training Centre.   |
| <b>Connections and alignment with regional priorities</b>   | ✓✓✓✓✓           | <p>The NDTC is an enabler project and supports wider projects by providing skilled workers for those projects. These include:</p> <ul style="list-style-type: none"> <li>• Manawatū Gorge Rd Project</li> <li>• Ring Rd</li> <li>• Bunnythorpe Rail Hub</li> <li>• Manawatu / Whanganui Employment and Skills Hub (proposed through Cabinet papers)</li> <li>• Talent Central – Drivers licences and employment skills for school students</li> </ul> <p>The NDTC at Manfeild is an ideal</p> |



| Criteria  | Rating<br>1 - 5 | Comment  |
|---|-----------------|--|
|   |                 | <p>physical space to bring together and coordinate the response to these projects and initiatives. The region will be able to leverage from the NDTC to provide a wide range of employment linked training opportunities.</p> <p>It also directly supports the growth of Manawatū's specialisation in Distribution &amp; Logistics, particularly through provision of a skilled workforce for the Road Transport industry.</p> |
| <b>Environmental sustainability and/or productivity of natural assets</b> | N/A             |  |

## Risk assessment

81. The following risks have been identified:

| Type of risk                 | Mitigation  |
|------------------------------|---|
| <b>Project cost overruns</b> | There is an agreed tender/contract strategy for the planned civil and building works. |

## Recommendations and next steps

82. The PDU recommends that you approve \$ Commercial Information from the PGF fund as a grant towards the NDTC project subject to:

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