

## 2.09 WAIRARAPA PRIMARY SECTOR SKILLS DEVELOPMENT

PGF Application		For: Approval/ Noting	
<b>Applicant:</b>	Wellington Regional Economic Development Agency Limited	<b>Pipedrive ID #</b>	Commercial
<b>Entity Type:</b>	Local Authority (EDA)	<b>PGF Funding Sought:</b>	\$60,000
<b>Region</b>	Wellington (Wairarapa)	<b>Total Project Value:</b>	\$ Commercial Info
<b>Tier:</b>	1 - Regional	<b>Co-contribution rate:</b>	Commercial Information %
<b>Sector:</b>	Skills	<b>Funding Structure:</b>	Grant
<p><b>We recommend that the SROs:</b></p> <p>a) <b>Approve</b> the application for the Wairarapa Primary Sector Skills Development plan on the basis that it will assist with reduction of the primary sector skills shortage in the Wairarapa and provide for training and upskilling opportunities for work in the primary sector.</p> <p>b) <b>Note</b> the project is closely linked to the wider water strategy for the Wairarapa region and as part of that, the need to sustainably service the primary sector, which is a cornerstone of the regional economy.</p> <p>c) <b>Note</b> that in addition to having access to water, it is important the primary sector has access to a skilled workforce. Investment in the development of strategies and programmes aimed at closing the current skills shortage in the primary sector will therefore help with the maximisation of overall return on investment in the primary sector in the Wairarapa and provide for greater sustainability in the management of resources.</p> <p>d) <b>Note</b> the PGF has previously provided funding for the Wairarapa water storage project (feasibility), and anticipates receiving a further funding application for the water storage development project which is estimated to be \$ Commercial</p> <p>e) <b>Note</b> that the applicant has also received PGF funding of \$200,000 for the Programme Manager – Wairarapa Economic Development Strategy (ref: SRO 12/12/2018/23) and there is a very similar ‘Water Resilience Strategy’ development strategy application currently under consideration.</p> <p>f) <b>Note</b> that consideration could be given to linking the allocation of funding to either of the following options:</p> <ol style="list-style-type: none"> <li>As part of the wider funding application for the water storage project; or</li> <li>As part of the next instalment (2019/20) of the Programme Manager – Wairarapa Economic Development Strategy funding allocation.</li> </ol>			
<p><b>Proposal:</b></p> <p>Express application for the implementation of the first stage of a project to deliver primary sector skills training in the Wairarapa.</p>			

The project is in response to the Wairarapa Strategy and Action Plan which identified a skills and labour shortage in the primary sector in Wairarapa.

Funding will be used to deliver a plan based for an experience-based brokerage and advocacy service which aims to provide targeted training and skills programmes to reduce the skills gap in the primary sector.

The project is linked to other funding priorities for the region and in particular, investment in water storage. Investment in water storage will assist the region with sustainable development of the primary sector.

In turn, there is a potential opportunity cost if the current shortage of skills and labour is not resolved. The project therefore seeks to develop a strategy to put effectiveness mechanisms in place to ensure that the gap between supply and demand is minimised.

The project is also a response to the closure of Taratahi Agricultural Training Centre which has left a gap in training in this sector.

### Assessment against the PGF criteria:

#### Eligibility Criteria

The applicant (WREDA) is seeking approximately <sup>Community</sup> 5% of the cost of the project. **Commercial Information**  
**Commercial Information**

#### Productivity Potential

The project is focused on developing a service which leads to overcoming an existing skills shortage in the region.

#### Policy objectives and regional priorities

Aligns with Wairarapa Strategy and Action Plan which links into sustainable management of water for the benefit of region, including the primary sector.

PGF Criteria	Assessment Commentary	Rating (0✓ to 5✓)
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#### Link with fund and government outcomes

Creates permanent jobs	<ul style="list-style-type: none"> <li>Limited direct job creation but may lead to targeted upskilling of unemployed and youth into primary sector jobs where a skill shortage exists.</li> </ul>	✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> <li>Seeks to assist with overcoming an existing skills shortage in the primary sector through the provision of a service which does not currently exist.</li> </ul>	✓✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> <li>Unclear.</li> </ul>	✓
Enhanced sustainability of natural	<ul style="list-style-type: none"> <li>Links into wider strategy regarding sustainable use</li> </ul>	✓✓✓

assets	of water.	
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>Links into key regional priority relating to water management.</li> <li>Seeks to provide a service that will assist with/facilitate reduction of the skills shortage</li> <li>Leverage existing and potential training providers and networks.</li> </ul>	✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> <li>A strategy and development of programmes are needed to effectively address skills and labour shortage in the primary sector.</li> </ul>	✓✓
<b>Connected to regional stakeholders and frameworks</b>		
Alignment with regional priorities	<ul style="list-style-type: none"> <li>Aligns with Wairarapa Strategy and Action Plan</li> </ul>	✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> <li>Strong support, but limited co funding from the primary sector</li> </ul>	✓✓✓
<b>Governance, risk management and project execution</b>		
Robust project management and governance systems	<ul style="list-style-type: none"> <li>Wairarapa Economic Development Strategy Group oversight and systems and skills sub-groups, including a representative Primary Sector Skills group.</li> <li>Also invites MBIE oversight</li> </ul>	✓✓✓
Risk management approach	<ul style="list-style-type: none"> <li>WREDA systems/processes</li> </ul>	✓✓
Future ownership / operational management	<ul style="list-style-type: none"> <li>WREDA</li> </ul>	✓✓
<b>Analysis of the benefits and costs</b>		
<p>Main benefit is the delivery of a plan for the establishment of service which seeks to implement a win /win strategy involving (a) reduction of a recognised skills shortage in the primary sector; and (b) providing work/upskilling opportunities in the primary sector.</p> <p>There may be questions about whether the plan will actually deliver the expected outcomes as there is a reliance on the brokerage service being sustained via funding from the primary sector. However, on balance the potential benefit of developing an effective plan outweighs the relatively low cost of \$60,000 which is being requested from the PGF.</p>		
<b>Financial Analysis</b>		
Grant funding is sought for approx. <sup>Comm</sup> % of the project cost. <b>Commercial Information</b>		

**Commercial Information** % . As per the below, the funding will be allocated towards engagement of a consultant, Privacy of natural persons, from Privacy of natural persons to lead the project with Privacy of natural persons from WREDA.

### Funding Arrangements

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|---|---|
| 1. Contract <small>Commercial Information</small> | - \$ <small>Commercial Info</small>     |
| 2. Develop project plan and approach              | - \$ <small>Commercial Informat</small> |
| 3. Delivery of draft concept paper to MBIE        | - \$ <small>Commercial Info</small>     |
| 4. Delivery of final concept paper to MBIE        | - \$ <small>Commercial Info</small>     |

### Due Diligence and Ownership

Pending

### Risk Assessment

The key risks to the PDU and proposed mitigations of this investment are as follows:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Insufficient labour supply/skills candidates</li> <li>Insufficient ongoing support /participation from primary sector employers</li> </ul>	<ul style="list-style-type: none"> <li>Assess risks as part of the plan</li> </ul>	Low
<b>Duplication</b>	Potential duplication with MSD brokerage services	<ul style="list-style-type: none"> <li>Discussions with Work &amp; Income indicate the application will complement existing job brokerage services, not duplicate. We can ensure they are included in the project.</li> </ul>	Low
<b>Reform of Vocational Education (RoVE)</b>	Will need to recognise Reform of Vocational Education (RoVE) proposes a new structure for vocational education	<ul style="list-style-type: none"> <li>TEC is supportive and the application is aligned with announcements to date; this application will fill a gap in skills training at least over the next 2-3 years while the reforms are put in place</li> </ul>	Low

### Consultation undertaken or implications:

#### MSD

Confirmed there is a shortage of labour and of skilled labour especially in the Wairarapa, particularly over the last 3 years.

Confirmed that Taratahi's closure has created a gap in skills training, which it had been successful in filling. Phil has had no involvement in a response to this gap.

Employment in primary sector is very seasonal – apples, vineyards, forestry, farming dairy/sheep/beef.

#### Supporting proposal:

Yes

<b>Appendices:</b>	Application
<b>Author of paper:</b>	MC, Investment Analyst, PDU Investment Team

PROACTIVELY RELEASED