

## 2.05 WAIROA DIGITAL EMPLOYMENT PROGRAMME

<b>PGF Application – TE ARA MAHI</b>		<b>For: Approval</b>	
<b>Applicant:</b>	Korou Digital Agency Limited	<b>Pipedrive ID #</b>	Commercial Information
<b>Region</b>	<b>Hawkes Bay</b>	<b>PGF Funding Sought:</b>	\$999,695
<b>Region detail:</b>	Wairoa	<b>Total Project Value:</b>	Commercial Information
		<b>Applicant co-funding:</b>	Commercial Information
<b>Entity Type:</b>	Company	<b>Funding Structure:</b>	Grant
<b>Entity Detail:</b>	<p>The applicant, Korou Digital Agency Limited has been recently formed for the purposes of delivering this programme. The establishment of this legal entity has been necessary Commercial Information</p> <p>The company will be wholly owned by the Korou Digital Charitable Trust which draws on a collective of Wairoa businesses and digital leaders who have formed to grow the digital sector to achieve employment outcomes. Trustees will be the directors of the Korou Digital Agency Limited. Korou Digital Trust Trustees are elected by the Wairoa Digital Collective.</p>		
<b>We recommend that the SROs:</b>			
<p>a) <b>Approve</b> \$999,695 from the Te Ara Mahi portion of the Provincial Growth Fund towards the Wairoa Digital Employment Programme which has a total project value of \$ Commercial Information</p> <p>b) <b>Note</b> that at least <sup>Comm</sup> new jobs are expected to be created/made available by this TAM investment over the two years of funding within a growth sector.</p> <p>c) <b>Note</b> that participants are employed from day one of the programme and paid Commercial Information for 12 weeks and then move to \$<sup>Comm</sup> per hour for the remaining 40 weeks of the programme.</p> <p>d) <b>Note</b> that Commercial Information.</p>			
<b>Proposal:</b>			
<p>The Digital Employment Programme involves 12 weeks of paid digital and technology industry training including software engineering, programming application and game development followed by 40 weeks employment as a “digital apprentice” to complete work that is sourced and managed by the Korou Digital Agency through their industry networks. Participants will be trained, mentored and supported locally, with extended pastoral support provisions being provided by local social services organisations such as Commercial Information</p>			
<p>Trainees will be guaranteed ongoing work after completion of their 12 week training programme (Korou already has <sup>Com</sup> prospective business wanting to contract work through the Digital Agency). This is because of the applicant’s strong industry networks and connections. During this period Korou will act effectively as a contractor of work on behalf of the trainees. During the two year programme Korou Digital Agency will have built up enough</p>			

of a base to continue this programme into Year 3 and beyond.

The key strengths of this proposal are:

- It provides well-paid, highly skilled employment opportunities in an area of significant social deprivation that to date has relied on a labour market made up of low-skilled and low-wage jobs
- Trainees and Digital Apprentices are provided with valuable support and supervision from experts within the technology sector while they are in paid employment
- The programme connects well with other investments into the Wairoa area, namely the Wairoa Regional Digital Hub (recently approved for funding by REDs Ministers), Te Wairoa e Whanake (recently approved for funding by REDs Ministers), and social enterprise opportunities being investigated through a visit to Parliament by Wairoa community leaders. It builds upon the recent significant activity and exposure of locals to the tech sector in Wairoa.

### Background to the Applicant

In recent years a small, but not insignificant nucleus of creative talent has coalesced around a group of individuals (some with significant international experience) in Wairoa known as the Wairoa Digital Collective. Made up of representatives from the digital, IT, music, film and other sectors these talented individuals who make up this informal grouping are committed to investing in Wairoa's future having chosen to either return to Wairoa to live or to make Wairoa their home.

Tangible examples of local activities which collective members have been involved in include the annual Wairoa Māori Film Festival; a local successful recording studio; and enhancements to Wairoa Museum's highly praised touch-screen technology displays. While undertaking these activities, members of the collective continue to work on their various projects remotely from Wairoa, many of these are based off-shore.

An example of the digital success being achieved in Wairoa was the recent Hawkes Bay Business Award presented

Privacy of natural persons

This recent re-positioning of Wairoa's economy has drawn Ministerial interest and is all the more striking considering the many other socio-economic challenges which Wairoa faces.

### Commercial Information

#### Funding Detail

TAM funding will be used to:

- Fund staffing for the programme at a level of <sup>Comm</sup> FTEs over the two years (\$ <sup>Commercial Inform</sup>)
- Fund overheads for the programme premises for Year 1 only (\$ <sup>Commercial Inform</sup>)
- Fund programme costs (software, certification etc) for Year 1 only (\$ <sup>Commercial Inform</sup>)
- Fund establishment costs for fit out of their premises in Year 1 (\$ <sup>Commercial Inform</sup>)

#### Outcomes Sought

Outcomes from the funding will result in:

- At least <sup>Comm</sup> participants upskilled in all aspects of game development, Animation and 3D asset development

- and media production;
- <sup>Comm</sup> new employment outcomes created over two years;
- Participants supported to establish themselves in the industry either through continuing employment with Korou Digital Agency, other employers in the industry or self-employment upon completion of the one year programme.

### Wider Benefits

Other broader outcome measures are:

- Increased wages for individuals
- Reduction in unemployment and underemployment within the Wairoa community
- Increased local capability within the sector
- Transition of Wairoa's economy from declining low-skill, low wage jobs through to growing opportunities within a high-skilled, high waged sector

	Response	RDU (TAM) Statement regarding achievability of target
Number of people expected to be targeted by the project/activity annually (on average):	At least <sup>Comm</sup> participants per annum	This is achievable given the staged approach of taking on <sup>Com</sup> participants every 4 months.
Number of people expected to attain employment as a result of the project/activity annually (on average):	At least <sup>Comm</sup> participants per annum	The programme itself will be employing participants for at least one year – and will continue this employment if that suits the participant – or support them into other employment or self-employment opportunities.

### Assessment against the PGF criteria:

#### Eligibility Criteria

This application is eligible for PGF funding.

#### Productivity Potential

The project will:

- Improve employability and upskilling of local people in Wairoa;
- Contribute to sustainable regional growth in Wairoa, and Hawkes Bay;
- Have a positive impact on increasing productivity and growth as it is building a new skillset/capability in Wairoa;
- Have a positive impact on increasing local employment and wages as it creates another career pathway for people of Wairoa;
- Meet a skills gap within the digital sector that can be filled from anywhere in New Zealand; and
- Support the government's vision for a skilled workforce where workers are supported and resilient in the changing nature of work.

#### Policy objectives

This project aligns with Te Ara Mahi principles by:

- Focussing on supporting local people into local employment opportunities
- Reinforces PGF Tier 2 investment into the digital sector

PGF Criteria	Assessment Commentary	Rating (0✓ to 5✓)
<b>Link with fund and government outcomes</b>		
Aligns with relevant regional economic and employment plans and priorities, including any Māori development plans	<ul style="list-style-type: none"> <li>• This initiative is supported by the Wairoa Community Partnership Group (a group of central and local government leaders alongside iwi and community leaders) and fully complements other initiatives that Wairoa is looking to progress.</li> <li>• It aligns well with Hawkes Bay Matariki and in particular the Pathways through and to Employment pillar (Pou 2) and addresses both social and economic priority areas</li> </ul>	✓✓✓✓✓
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>• The digital sector has been identified as a key priority for the region as well as the Government's broader reforms to build a more skilled workforce. The digital industry is growing and there is an already identified skill need. <small>Commercial Information</small></li> </ul>	✓✓✓✓
Reduces the rates of people not in employment, education and training, with an emphasis on Māori	<ul style="list-style-type: none"> <li>• This programme offers well-paid employment opportunities in an area with a limited labour market- and as such will have a big impact on the local community and in doing so – positively impact Māori.</li> </ul>	✓✓✓✓
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>• The programme will see local people employed by the Korou Digital Agency for at least one year. Following completion of the programme employment will either be maintained by the Agency or participants supported into other employment opportunities.</li> </ul>	✓✓✓✓✓
<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>• Training in the digital profession exists already, however these courses are outside of Wairoa and costly to undertake and in many case's not catering directly to the demand for industry specific training and certification. This programme also provides a different offering in terms of direct employment of participants and upskilling 'on the job'.</li> </ul>	✓✓✓✓
Demonstrates why third party funding, including other	<ul style="list-style-type: none"> <li>• Funding is required to kick-start this initiative and enable it to get off the ground and build an ongoing</li> </ul>	✓✓✓✓

government agencies, cannot be used to address the current gap in service provision	<ul style="list-style-type: none"> <li>reputation and foundation to continue to grow and build the digital sector within Wairoa.</li> <li>Commercial Information</li> </ul>	
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**Connected to regional stakeholders and frameworks**

Alignment with regional priorities	<ul style="list-style-type: none"> <li>The proposal aligns with both Matariki as well as the outcomes sought under the Wairoa Community Partnership Group.</li> <li>The digital sector has been highlighted as a priority industry where we need to develop talent.</li> </ul>	✓✓✓✓
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Support from local employers, central and local government, and governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> <li>Support letters have been provided by industry experts looking to utilise the programme through contracts</li> </ul>	✓✓
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**Governance, risk management and project execution**

Robust project management and governance systems	<ul style="list-style-type: none"> <li>The programme involves setting up a governance and management structure to support the delivery of the programme and ensure it remains on track.</li> </ul>	✓✓✓
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Demonstrates the capacity and technical capabilities to effectively implement the initiative	<ul style="list-style-type: none"> <li>Members of the Korou Digital Trust all come from within the sector and have businesses operating within the digital industry.</li> </ul>	✓✓✓
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Risk management approach	<ul style="list-style-type: none"> <li>An appropriate risk management approach for this proposal has been identified.</li> </ul>	✓✓✓
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Future ownership / operational management	<ul style="list-style-type: none"> <li>It is envisaged that after completion of the funding – the programme will be able to continue on in a sustainable way without further government support</li> </ul>	✓✓✓
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**Funding Arrangements**

Appropriate milestones and deliverables will be put in place with regular monitoring with payments made at appropriate time frames. It is expected that the initial payment will be for project initiation costs.

**Due Diligence and Ownership**

Due Diligence has been undertaken. No key findings were identified or areas for further Due Diligence.

**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
Reputation	This initiative fails to achieve outcomes	<ul style="list-style-type: none"> <li>Ensure application has clear</li> </ul>	Commercial

	due to reasons such as low participation rates and/or completion rates, causing a flow on reputational risk to the PDU	and feasible mitigations in place to address these risks and ensure outcomes are achieved	
<b>Operational</b>	This initiative will see employee numbers going from [redacted] at the end of the first 4 months to a minimum of [redacted] at any given time throughout the rest of the programme. This will require strong management oversight from an HR perspective and also place demands on payroll.	<ul style="list-style-type: none"> <li>• Will work with recipient to link up with a business mentor via Regional business partners to build HR capacity and ensure financials remain robust.</li> <li>• Will ensure funding agreement is aligned with strong milestones and monitoring.</li> </ul>	Commercial Information

### Consultation undertaken or implications:

The Wairoa Community Partnership Group (WCPG) are aware of the proposal and supportive of the impact this programme could have in their community. One of the key strengths in this proposal is its collective approach and partnering with existing services within Wairoa – many of whom are members of the WCPG.

The proposal has been put out for consultation with the [redacted] Commercial Information – and while no formal feedback has been received from the group, those involved are aware of and supportive of developing this type of initiative in Wairoa.

[redacted] Commercial Information

<b>Supporting proposal:</b>	Yes
<b>Appendices:</b>	Yes – Application and supporting letters
<b>Author of paper:</b>	Rani Morunga