

2.04 SOUTH CANTERBURY TRANSPORT AND LOGISTICS PANEL - LEVEL 3 CERTIFICATE IN COMMERCIAL ROAD TRANSPORT

PGF Application – TE ARA MAHI		For: Approval	
Applicant:	Aoraki Development and Promotions Limited	Pipedrive ID #	Commercial Information
Region	Canterbury	PGF Funding Sought:	\$600,000
Region detail:	<ul style="list-style-type: none"> South Canterbury – Timaru, Mackenzie and Waimate Ashburton 	Total Project Value:	\$ Commercial Information
		Applicant co-funding:	\$ Commercial Information (Comm % of total project cost)
Entity Type:	Company	Funding Structure:	Grant
Entity Detail:	Aoraki Development is the Economic Development Agency and Council Controlled Organisation of Timaru District Council. They operate as the facilitator/administrator of the South Canterbury Transport and Logistics Panel.		

We recommend that SROs:

- Approve \$600,000 from the Te Ara Mahi portion of the Provincial Growth Fund towards the South Canterbury Transport and Logistics Panel – Level 3 Certificate in Commercial Road Transport
- Note that the funding requested covers a Commercial Information
- Note that this initiative, if funded, will result in at least 60 people being trained, upskilled and supported into sustainable local employment in the Transport and Logistics sector
- Note that this funding will enable the expansion of an already existing initiative which has supported Comm people (Comm % of participants) into employment in the Transport and Logistics sector. The remaining Comm % of people are still being supported by the initiative to find employment
- Note that the applicant has provided evidence of a skills shortage in the Transport and Logistics sector to support this application
- Note that the existing initiative has been funded by local businesses and sector leadership groups. The current funding only allows two programmes to be delivered, despite a greater need for skilled workers in the sector. Investment from the PGF will enable the applicant to increase the number of programmes delivered to four to meet the needs of the sector. It will also enable small and medium businesses to participate in the initiative by reducing the financial commitment required to participate.
- Note that a wide range of local stakeholders including businesses, schools, local councils, the Ministry of Social Development and other relevant community partners are supportive of this initiative

The proposal focuses on employment outcomes within the Transport and Logistics Sector

This initiative focuses on upskilling, training, and supporting people into sustained employment in the Transport and Logistics sector.

The target group for the initiative is any working age person who is interested in a career in the Transport and Logistics sector and has held a Class 1 license for 6 months prior to participating in the initiative. The target group is expected to include a range of people, from those who have come from other careers or work environments, to those who are unemployed or transitioning out of secondary education.

It addresses a gap in the current Transport and Logistics sector which is seeing:

- An evidenced shortage of skilled workers in the sector
- Significant growth in the sector – an anticipated 55% increase in freight volume over the next 25 years
- An ageing workforce – an average age of 54

This gap is particularly evident in Mid/South Canterbury which is home to the country's largest and most successful bulk and rural transport operators. The region is also a key producer of primary products, has a globally connected port in Timaru, and is the hub for a number of large road and earthmoving companies. This makes the region a key area for the Transport and Logistics sector.

The funding requested from the PGF will enable the applicant to deliver a fully collaborative and industry led NZQA certified training programme focused on bringing local people into the Transport and Logistics sector. This programme, which has been designed by subject matter experts from the sector, establishes an entry level standard for driving and operator positions in the central South Island.

Running for 30 weeks the programme will include:

- 18 weeks of workplace training where participants take on work placements at different local businesses within the Transport and Logistics sector, with the aim of exposing them to a range of work types within the sector and building up work readiness skills
- Attainment of Forklift, Wheels, Tracks and Rollers, and Dangerous goods endorsements, a class 4 driver's license, and a first aid certificate
- Transition into full time employment in the Transport and Logistics sector
- Attainment of a class 2 driver license on week two of the programme which means most students can gain their class 4 driver license by the time the course finishes

Other skills learnt include: how to load and unload trucks, risk management, route planning, truck dynamics and handling, customer service skills and fatigue management.

This will result in at least 60 people being trained, upskilled and supported into sustainable local employment in the Transport and Logistics sector

The applicant has already been successfully delivering the initiative

Two programmes have already been successfully delivered. These were funded by local businesses and sector leadership groups. As a result of these programmes ^{Comm} people ^{Comm} % of participants) gained employment in the Transport and Logistics sector. The remaining ^{Comm} % of people are still being supported by the initiative to find employment.

Investment from the PGF will enable the applicant to increase the number of programmes delivered to four to meet the needs of the sector.

The programme was designed with industry input

Feedback from local transport operators indicated that the majority of people applying for roles in the Transport and Logistics sector had little to no relevant experience, or licences.

The content of the course, as informed by stakeholders in the sector, includes a large portion of what businesses in the sector traditionally educate and expose new employees to in their first 90-120 days of employment.

The programme also involves businesses that offer the full range of work opportunities available in the sector. Having the full range of work types available for work experience ensures that participants can be supported into the most appropriate employment; based on their experience with different work types on the programme.

There is benefit from Central Government funding over other sources

This application is seeking funding from central government [redacted] Commercial Information [redacted]. Funding from central government will enable the program to expand, and become sustainable over the next [redacted] Commercial Information [redacted].

Government funding will also enable a range of small to medium sized operators to actively participate in this program alongside those involved to date. They were previously unable to fully participate because of the monetary commitment involved. This is especially important in the Class 2 to 4 operating environment where many SME's operate and need capable employees.

There are benefits wider than employment attainment

Other benefits of funding this application include:

- Local people remain in the region because there are good local employment opportunities available
- Transport operators are able to operate consistent and safe transport networks and services to and between regions
- Improved road safety
- Improved financial wellbeing and increased family and community resilience

The applicant is contributing [redacted] % in Co-Funding

- The funding requested is for [redacted] % operational costs ranging from materials to vehicle hire to staff salary
- The average cost per participant is \$ [redacted] Commercial Information [redacted]
- The applicant has secured \$ [redacted] Commercial Information [redacted] ([redacted] %) in co-funding. Commercial Information [redacted]
- Participants are also required to contribute \$ [redacted] Commercial Information [redacted] of their own course costs, which can be covered through 'fees fee' or a student loan. Thus far there have been no issues with participants attaining funding to cover this

Annual outcome breakdown

	Response	PDU (TAM) Statement regarding achievability of target
Number of people expected to be targeted by the project/activity annually (on average):	30	Previous delivery of the programme and an evidenced need for employees with these skills provide confidence that this is achievable
Number of people expected to attain employment as a result of the project/activity annually (on average):	[redacted] Commercial Information [redacted]	Previous delivery of the programme and an evidenced need for employees with these skills provide confidence that this is achievable

Assessment against the PGF criteria:

Eligibility Criteria

This application is eligible for PGF funding

Productivity Potential

The project will improve productivity in the identified regions by:

- Enabling transport operators to operate consistent and safe transport networks and services to and between regions
- Improving the financial wellbeing and increasing the resilience of families and communities
- Increasing incomes for local people

- Increasing work satisfaction for local people
- Addressing skilled worker shortages in a vital regional sector

Policy objectives

Applications alignment with the principles of Te Ara Mahi:

- 1) It *will* support local people into local employment opportunities by addressing the specific needs of those who need more help than can be currently provided in order to achieve sustainable employment
- 2) It *will* ensure additionality by filling a gap in service provision which existing cross-government departmental funding does not cover
- 3) It *will* fit within mechanisms for coordination of employers, workers and government that will endure past the lifetime of the PGF
- 4) It *does not* reinforce investment in PGF Tier 2 (Sector Investment) and PGF Tier 3 (Enabling Infrastructure) projects

PGF Criteria	Assessment Commentary	Yes/No/Partial
Link with fund and government outcomes		
Aligns with relevant regional economic and employment plans and priorities, including any Māori development plans	<ul style="list-style-type: none"> • It strongly aligns with the strategic priorities of the Canterbury Regional Economic Development Strategy (CREDS) and is an important work-stream within the Canterbury Mayoral Forum • The Transport and Logistics sector is a key sector in the Canterbury region outside of Christchurch • There will be an anticipated 55% increase in freight volume over the next 25 years • A skilled workforce is required to meet this demand 	Yes
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"> • There is an ageing workforce in the sector with an average employee age of 54. Action is required to move younger people into the sector • There is an evidenced shortage of skilled workers in the sector • This application will address the above two points 	Yes
Reduces the rates of people not in employment, education and training, with an emphasis on Māori	<ul style="list-style-type: none"> • This is not the core purpose of this project as people who are not in education, employment or training already are not the key target group for the initiative. However, it is reasonable to expect that a portion of people targeted will fit into this category • This project does not have an emphasis on Māori 	Partial
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"> • This is the core purpose of this application • The service has proven success in delivering employment outcomes 	Yes

Additionality – adds value by building on what is already there

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"> • This funding addresses a gap in service for people requiring support to enter the Transport and Logistics sector • This funding seeks to upscale an existing project based on need 	Yes
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"> • Although the Ministry of Social Development and the Tertiary Education Commission ^{Commercial Information} [REDACTED] no funding is currently available within each of these organisations to provide the service delivered through this initiative 	Yes
Connected to regional stakeholders and frameworks		
Support from local employers, central and local government, and governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> • Evidence of support has been provided across a range of stakeholders, which include district councils, economic development agencies, employers, education providers and the Ministry of Social Development • ^{Commercial Information} [REDACTED] The applicant has advised that iwi engagement is ongoing. ^{Commercial Information} [REDACTED] • The applicant has strong relationships with local employers 	Yes
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> • The operation of their current service demonstrates robust project management and governance • The expansion isn't significant enough to warrant a change in governance/project management procedures 	Yes
Demonstrates the capacity and technical capabilities to effectively implement the initiative	<ul style="list-style-type: none"> • This has been evidenced by the successful operation of the current service 	Yes
Risk management approach	<ul style="list-style-type: none"> • Risks and mitigations are outlined in application 	Yes
Future ownership / operational management	<ul style="list-style-type: none"> • This funding will provide time for the applicant and industry partners to fully explore and obtain alternative long-term funding partners. Partners could include: <ul style="list-style-type: none"> - ^{Commercial Information} [REDACTED] - Industry associated national and local 	Yes

	<p>companies</p> <ul style="list-style-type: none">- Local and central government agencies- Philanthropic entities	
Funding Arrangements		
Funds will be distributed via a milestone plan		
Due Diligence and Ownership		
<p>Due Diligence was completed on:</p> <ul style="list-style-type: none">• The Applicant - Aoraki Development, Privacy of natural persons• The training provider Commercial Information• The South Canterbury Transport and Logistics Panel: Privacy of natural persons• Commercial Information – employer heavily involved in application <p>There were no Due Diligence findings to follow up on.</p>		
Risk Assessment		
There are no current major risks of note for this application.		
Consultation undertaken or implications:		
<p>The following consultation has occurred:</p> <p>Internal PDU teams – feedback on application received, more information sought from applicant, new information incorporated into application.</p> <p>Other agencies – Commercial Information Commercial Information. Cross agency feedback was received from MSD, as follows:</p> <p>Feedback from MSD</p> <p>Free and frank opinions</p> <div style="background-color: gray; width: 100%; height: 100%; min-height: 150px;"></div>		

Free and frank opinions	
Supporting proposal:	Yes
Appendices:	Yes – Application and supporting letters Withheld - Commercial Information
Author of paper:	AM, Te Ara Mahi/He Poutama Rangatahi Team

PROACTIVELY RELEASED