

2.2 NZ SHEARING TRAINING MODEL-PILOT SCHEMES

MEMO TO THE SENIOR REGIONAL OFFICIALS

Subject: Request to change Recipient for NZ Shearing Training Model

Date prepared:	14 May 2020	Meeting date:	20 May 2020
Prepared by:	Te Ara Mahi Team	Approved by:	Thomas Perenara, Team Leader Te Ara Mahi

Purpose

1. The purpose of this memo is to:
 - a) advise that the New Zealand Shearing Contractors Association (**NZSCA**) has requested a change in the recipient to deliver the **NZ Shearing Training Model**; and
 - b) seek approval to insert a clause in the funding agreement that would allow NZSCA to assign the funding agreement to a third party.

Recommendations

2. We recommend that the SROs:
 - a) **Note** you recommended approval for Te Ara Mahi grant funding of \$1,864,000 for the NZ Shearing Training Model, on 28 November 2019. This was approved by RED ministers on 4 December 2019.
 - b) **Note** the recipient of the funding was NZSCA.
 - c) **Note** that at the contracting stage, NZSCA requested that the funding and responsibility for delivering the programme be transferred to a **Commercial Information**. NZSCA are currently in the process of establishing **Commercial Information**.
 - d) **Note** the change in recipient from NZSCA to **Commercial Information** enables: wider industry support and buy-in, greater accountability to the **Commercial Information** rather than commercial employers, and greater oversight of the programme and its activities.
 - e) **Note** that NZSCA will remain involved in the project by providing oversight on the governance board **Commercial Information**. For this reason, NZSCA will still remain “on the hook” for certain contractual obligations which is why an assignment of the contract is recommended.
 - f) **Note** that Due Diligence will be completed prior to any transfer occurring, and the assignment to **Commercial Information** will not occur contractually until all approvals and confirmations have been received by the Ministry to confirm that **Commercial Information** is duly established.
 - g) **Note** no further resourcing is required to support the establishment and running of the programme.
 - h) **Note** MBIE legal were consulted and have recommended that an assignment clause is included in the funding agreement, in line with previous PGF loan agreements. MBIE Legal are preparing an updated version of the funding agreement accordingly.
 - i) **Approve** the inclusion of an assignment clause in the TAM funding agreement to allow the assignment to a related recipient.

Key Points

3. On 28 November 2019, SROs recommended approval for TAM grant funding of \$1,864,000 for the **NZ Shearing Training Model** Project. RED Ministers approved this on 4 December 2019.
4. The purpose of the NZ Shearing Training Model programme is to develop and deliver a sustainable, integrated training model for the shearing and wool handling. The programme will include elements of micro credentials, 'earn-as-learn', and upskilling for up to [redacted] new shearers and [redacted] existing shearers. This will initially operate in the Tairāwhiti/Hawkes Bay region and the Otago/Southland region.
5. During the contracting negotiations, NZSCA advised that the most appropriate entity to oversee the programme would be [redacted] Commercial Information that the NZSCA will help establish. The reasons behind the request are:
 - [redacted] Commercial Information will be in a better position to represent all stakeholders and undertake a training programme serving the entire industry, given approximately [redacted] % of shearing entities are not NZSCA members;
 - Better facilitate with local iwi given it is typically not part of NZSCA's core business;
 - Allow for a more diverse representation on the governing body;
 - Provide certainty and accountability to its beneficiaries (i.e. shearing trainees) under the training programmes rather than just the commercial employers;
 - [redacted] Commercial Information
6. TAM are supportive of the change on the basis that [redacted] Commercial Information will broaden its industry input, the connections and networks of the NZSCA will remain in place, and NZSCA will be on the [redacted] Commercial Information and the projects governance board.
7. To finalise contract negotiations and support the programme delivery, we propose to change the recipient in the funding agreement to the [redacted] Commercial Information once established. This will be done with an assignment clause as recommended by the MBIE legal team.

Consultation

8. MBIE legal were consulted and confirmed that an assignment clause is in line with previous changes made in wider PGF loan agreements to enable the assignment of the funding agreement. The legal team are also supportive of the change to enable the programme delivery to proceed.

Appendices

Appendix One: Minutes of Senior Regional Officials' meeting of 28 November 2019.

Appendix Two: New Zealand Shearing Training Model – Pilot Schemes SRO Coversheet.