

2.14 LOCALS BUILDING LOCAL HOMES AT VOLUME

PGF Application – TE ARA MAHI		For: Approval	
Applicant:	Emergent Skills NZ Limited	Pipedrive ID #	Commercial Information
Region	Waikato	PGF Funding Sought:	\$ Commercial Information
Region detail:	Tokoroa/South Waikato	Total Project Value:	\$ Commercial Information
		Applicant co-funding:	\$ Commercial Information
Entity Type:	Company	Funding Structure:	Grant
Entity Detail:			

We recommend that the SROs:

- a) **Approve \$646,450** from the Te Ara Mahi (“TAM”) portion of the Provincial Growth Fund towards Locals Building Local Homes at Volume.
- b) **Note** that the funding requested is a grant. **Commercial Information**
- c) **Note** this covers the set up and delivery of the first 12 months of a 24 month programme (1 cohorts each per Commercial Information period).
- d) **Note** that the funding will allow for 1 staff to be employed immediately; 1 x full time FTE and 1 x part-time.
- e) **Note** that during the funding period 1 people will be employed at the beginning of the programme (projected for Commercial Information), with the applicant providing training and upskilling on the job.
- f) **Note** that the programmes primary base will be in Tokoroa. The programme will offer a transport service to ensure individuals living outside Tokoroa can participate and attend.
- g) **Commercial Information**
- h) **Note** that a related company, Emergent Design and Construct Limited, will employ all 1 participants who will ‘earn as they learn’.
- i) **Note** the endorsement by MSD with the applicant having strong links to their regional office. **Commercial Information**
- j) **Note** that the programme will have an emphasis on NEETs of which South Waikato has a NEETs rate of 16.2% (or 505 in total) as at June 2019 according to InfoMetrics data.
- k) **Note** that participants will assist in the building 1 modular homes which will be purchased by the South Waikato District Council. Some of the profits will be used to fund wages and costs related to the ongoing

delivery of the training programme

- l) Note** that in Year 2 of the programme, an additional [Comm] people will be employed, trained and upskilled. Totalling [Comm] people during the first two years. An additional [Comm] homes are projected to be built in the second year, totalling [Comm] over 2 years. The South Waikato has an immediate shortage of 739 houses.

m) Commercial Information

[Redacted]

- n) Note** that at least 50% of the participants will need to be of Maori descent.

- o) Note** that this project is a priority project for the South Waikato package for a November announcement

Proposal:

This programme will operate alongside already established Emergent Design & Construct Limited (“ED&C”), which is a related company to Emergent Skills NZ Limited (“Emergent”). ED&C will employ [Comm] people over a two year period; [Comm] people in Year 1 and [Comm] in Year 2 (noting the application is seeking funding for Year 1 only).

The roles created through this programme with Emergent are entry level and semi-skilled roles, providing the training and upskilling of staff while on they are on job.

Emergent have applied to be a registered PTE, however [Commercial Information] has agreed to deliver the third-party NZQA accredited services that will lead to its awarding of NZQA qualifications to employees graduating through the skilling hub programme. These services include quality assurance and course assessment.

The programme will operate from an offsite prefabrication manufacturing facility, known as a ‘Skilling Hub’ which will be funded by [Commercial Inf]. There will be a mixture of offsite prefabricated and traditional in-situ methodologies to build houses. The skilling hub will also operate as a transitional facility for existing ‘under-skilled’ employees.

The programme will also offer a transport service to ensure individuals living outside Tokoroa can participate in the project.

Emergent Skills will also lead the integration of an externally sourced social and pastoral support service as well as respond to iwi’s advice on the incorporation of kaupapa Māori within the skilling hub programme. [Commercial Information] [Redacted], will provide an initial boot-camp recruitment process and wrap-around social and pastoral support service to retain young recruits in employment/training.

Commercial Information

[Redacted]

[Redacted] es Training Centre or link up with industry players who are a part of the South Waikato Trades Training project.

Funding Detail

The programme is a 24-month programme with funding only requested for the ‘start-up’ period of a few months and the first 12 months of the programme.

The funding will allow the organisation to immediately employ [Com] additional staff. These being a:

[Commercial Information] [Redacted]

Commercial Information

The remaining funding is in relation to admin and programme costs. **Commercial Information**

Outcomes Sought

The funding requested from the PGF (Te Ara Mahi) will enable the applicant to deliver an initial 12 month programme in the South Waikato/Waikato region, resulting in the following outcomes:

- [Redacted] people into sustainable employment while receiving on the job training and upskilling
- [Redacted] to earn at least Level 3 NZQA Qualifications after 12 months
- These [Redacted] people will assist in building [Redacted] homes (homes not funded by the PGF)
- 50% of participants will be of Māori descent

Outside of the funding programme (but within the 24 month programme) there will be an additional [Redacted] people employed, trained and upskilled and another projected [Redacted] homes to be built.

These people will become industry-ready tradespeople while also having a huge opportunity for career progression.

Fill in the following table relating to outcomes:

	Response	PDU (TAM) Statement regarding achievability of target
Number of people expected to be targeted by the project/activity annually (on average):	[Redacted]	This is achievable given the scale of the programme
Number of people expected to attain employment as a result of the project/activity annually (on average):	[Redacted]	Commercial Information

Wider Benefits

- Increased social connection
- Decrease in unemployment and NEETs rate, increase in wages which will stimulate the local economy
- Opportunities for locals to secure a qualification that will give them employment opportunities in the region, nationally and internationally
- Enhanced attractiveness of the region as a place to live and work
- Addressing of housing issues

The applicant has made enquires and has predicted over a 24-month period will save the Government \$ [Redacted] /annum in welfare costs within the South Waikato region. These savings are calculated off NZ Work & Income benefit rates and accommodation supplements cited in the South Waikato Prefabrication Prospectus 2018 (page 15).

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:		
<ul style="list-style-type: none"> • increasing the pool of local people who meet the requirements to fill vacant local positions; • increasing mobility of participants through the applicants connection with other organisations in the industry • improving employability and upskilling local people, • strengthening, diversifying and growing regional economies 		
Policy objectives		
Applications alignment with the principles of Te Ara Mahi:		
<ol style="list-style-type: none"> 1) It focuses on supporting 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 ensures additionality by filling a gap in service provision which existing funding does not cover. 3) It fits within mechanisms for coordination of employers, workers and government that will endure past the lifetime of the PGF. 4) It indirectly reinforces investment in PGF Tier 2 (Sector Investment) and PGF Tier 3 (Enabling Infrastructure) projects; through the improvement in work readiness of potential workers required to support investments in the region. 		
PGF Criteria	Assessment Commentary	Rating (0✓ to 5✓)
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"> • Housing outcomes align with Waikato Region Housing Initiative • Commercial Information [REDACTED] 	Partial
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"> • Given the housing shortage in the South Waikato and neighbouring regions, the programme will address the future labour demands • The ability to train/upskill and then work in their own community 	Yes
Reduces the rates of people not in employment, education and training, with an emphasis on Māori	<ul style="list-style-type: none"> • The NEETs rate in South Waikato is 16.2% and the programme hopes to address and reduce these rates however it is not specifically targeted for NEETs • It is however reasonable to expect that a portion of people targeted will fit into this category • This project has an emphasis on Māori with 	Yes

	<ul style="list-style-type: none"> projections that at least 50% of the participants will be of Maori descent Some of the course participants will be referred from MSD 	
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"> The project will improve earning potential by upskilling the participants The project will aim to support all participants into sustained employment 	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"> Contributes to the development of a more highly skilled workforce in an area of high social and economic deprivation. This funding addresses a gap in service for people looking to get into this industry as there is currently no provider in the region The project will support all participants into sustained employment This programme is unique in that there is no similar project in the region 	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"> Beyond the remit of MSD as not all participants will be beneficiaries however other Government agencies may fund aspects of the programme through their current initiatives This application does not seek funding for living costs of participants. Commercial Information Provides specific training not included in existing Commer /TEC qualifications 	✓✓
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 in the region across a broad range of stakeholders. These include Commercial Information 	✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> The structure of their business and their proposed structure for their training arm service demonstrates robust project management and governance The applicant has a clear plan for developing these mechanisms to support the expansion of the 	✓✓

	service	
Demonstrates the capacity and technical capabilities to effectively implement the initiative	<ul style="list-style-type: none"> The applicant intends to employ the appropriate people who will have the relevant skills 	
Risk management approach	<ul style="list-style-type: none"> Outlined in their application 	✓✓
Future ownership / operational management	<ul style="list-style-type: none"> The applicant will be eligible to other funding avenues once they become a registered PTE Some of the profits from the sister company will be directed towards the business The applicant is open to expanding his programme outside of the region The applicant is open to sharing learnings and possible programme material with other organisations, who may look to get into this space, in the future 	✓✓

Funding Arrangements

The funds will most likely be distributed via a milestone plan, which is likely to include an upfront cost for set up. This will be sorted during the contracting stage.

Due Diligence and Ownership

Due Diligence was undertaken on the company and some of the related parties:

Director:

Leigh Matthew Trevaskis - no other company interests

Shareholder:

Emergent Skills Group Pty Ltd is ^{Commercial} % shareholder.

Commercial Information

Emergent Design & Construct Limited (sister company)

Company number: 7518296

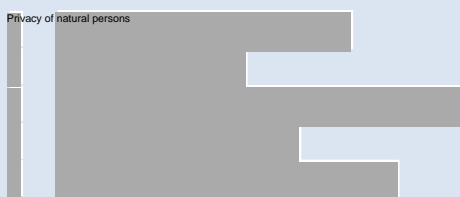
NZBN: 9429047497542

Company Status: Registered

Director & Shareholder: Oliver Mitrovski

Key Management Personnel:

Privacy of natural persons



No findings of any significance of key management.

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
Cost Risk	If our cost estimates are inaccurate, then the applicant may be unable to complete the project in the agreed manner	<ul style="list-style-type: none"> A number of the costings are flexible with suitable provisions in place, if approved 	Low
Recruitment	This initiative fails to achieve outcomes due to reasons such as low participation/recruitment rates and/or completion rates, causing a flow on reputational risk to the PDU	<ul style="list-style-type: none"> Ensure application has clear and feasible mitigations in place to address these risks and ensure outcomes are achieved 	Low

Consultation undertaken or implications:

Central and regional agencies have been consulted on this application. Of note, MSD and MOE are supportive of the initiative and with a number of agencies posing some questions which the applicant was able to address. Some of these questions include:

MOE

- Supportive of idea especially with the social welfare savings of employing NEET's
- Scale is good
- What happens to revenue from houses? Will be used to further fund training programme and further employment of NEETS

TPK

- Revised feedback provided that is supportive of application. Project targets NEETS, the majority of whom are Maori.

MSD

- Local office is supportive of application and there has been good engagement with local MSD

BCITO

- Supportive and have provided a letter of support

NZTA

- Supportive and notes that the delivery of drivers licensing is reliant on third party provider

Supporting proposal:	Yes Application Will Be Proactively Released Separately
Appendices:	Yes – Applications and supporting letters are as annexes
Author of paper:	HG and MP, Te Ara Mahi/Regions Team <small>Supporting Letters Are Withheld Due to Commercial Sensitivity</small>