

## 2.09 TE KŌRAU REGIONAL PILOTS

PGF Application – <b>TE ARA MAHI</b>		For: Approval	
<b>Applicant:</b>	Auckland University of Technology (AUT)	<b>Pipedrive ID #</b>	Commercial Information
<b>Region</b>	<b>Northland</b>	<b>PGF Funding Sought:</b>	\$ Commercial Inform
<b>Region detail:</b>	Northland	<b>Total Project Value:</b>	\$ Commercial Inform
		<b>Applicant co-funding:</b>	\$ Com
<b>Entity Type:</b>	Other: University – independent body corporate	<b>Funding Structure:</b>	Grant
<b>Entity Detail:</b>	AUT is the second largest university in New Zealand. They have been a university since 2000, but a place of learning for 120 years and operate in accordance with the Education Act (1989)		

### We recommend that the SROs:

- a) **Approve** \$ Commercial Inform from the Te Ara Mahi portion of the Provincial Growth Fund towards two Te Kōrau pilots in the Northland region.
- b) **Note** that the funding requested is a grant, which covers a 6-9month set-up and delivery period.
- c) **Note** that this has been supported in principle by the Commercial Information.
- d) **Note** that in relation to this application ‘self-employment’ has been determined as an employment outcome under Te Ara Mahi.
- e) **Note** that this pilot seeks to:
  - Build the entrepreneurial capability of 28 people, equipping them with the insights, relationships, and tools needed to turn ideas into action and develop a passion into a sustainable and thriving business
  - Support Comme Comm (%) of those people into sustainable self-employment or employment within 12 months of programme completion
  - Create Com local employment opportunities (programme facilitators) to be filled by local Northland people.
- f) **Note** that the initiative is specifically targeted at Māori, the programme content is tailored to the Māori world view and it will be run out of marae in partnership with local iwi (Commercial Information).
- g) **Note** the favourable reputation of the applicant regarding their successful delivery of the same/similar model in Auckland over the past three years, which saw a 90% completion rate.
- h) **Note** that a similar model – CO.STARTERS – has been running in the USA (with participant numbers in the 1000s) and has resulted in 86.8% of participants going on to launch a business, with 83% still in business after 2 years.
- i) **Note** the endorsement of this application by TEC and acknowledgment by them that this is not an initiative that could be funded by them.
- j) **Note** its alignment with other programmes delivered in the Northland region.
- k) **Note** that the applicant was originally going to pilot in a number of different regions, however has decided to pilot the model in Northland only and then roll out to new regions once the model is tested further.

## Proposal

The initiative is about building entrepreneurial capability and mentoring people with business ideas. It targets Māori people who have a business idea in the Northland region.

It is based on a programme called 'CO.STARTERS' which is a nine week programme that builds entrepreneurial capability and validates business ideas; equipping aspiring entrepreneurs with the insights, relationships, and tools needed to turn ideas into action and develop a passion into a sustainable and thriving business.

Te Kōrau is the same programme, however it is specifically targeted at Māori, the content is tailored to the Māori world view, and it is run out of marae.

Once participants graduate, the service encourages/facilitates the graduates to continue supporting each other. This is achieved through the establishment of support networks (with other participants as well as local businesses) as each graduate commences on their business journey. This has the overall impact of increasing success and social connections within regions.

Te Kōrau is different to other entrepreneurship and business accelerator programmes because of its underlying philosophy to:

- Invest in individuals – people matter more than ideas and anyone with an idea can join
- Put communities first – it is about bringing people together to learn from each other and create a strong network of support
- Enable facilitation in/by/for communities – empowering local ecosystem builders to create a distributed network of support which does not rely on any one business, institution or agency
- Keep it simple – by making concepts and language easy, the programme is very inclusive and starters can focus on the practical steps of launching a business.

## Outcomes sought

The funding requested from the PGF (Te Ara Mahi) will enable the applicant to run two Te Kōrau pilots in Tai Tokerau/Northland, in partnership with Commercial Information resulting in the following outcomes:

- people upskilled and supported into sustainable self-employment ( per pilot)
- local employment opportunities created (programme facilitators,  per pilot)
- 90% of participants successfully becoming self-employed or employed<sup>1</sup> within 12 months of programme completion (based on previous programme success)

## Ability to achieve outcomes

### Overseas:

- CO.STARTERS currently operates at over 60 sites in the US, New Zealand and Australia and has produced 8,500 graduates and trained 700 leaders (community organisers and programme facilitators)
- The CO.STARTERS programme has proven to have particular success with low income and minority groups. In the USA, 61% of participants have come from minority groups, with 28.6% of participants classified as 'low

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<sup>1</sup> This is in recognition that some participants will decide not to launch their own business at the conclusion of the programme, but will instead be employed by other start-ups or established businesses. The skills they learn through Te Kōrau will stand them in good stead whatever path they choose (either as a founder or a valuable employee with an entrepreneurial mindset)

income. A total of 86.8% of participants in the CO.STARTERS core programme go on to launch a business, with 83% still in business after 2 years

**NZ context:**

- The CO.STARTERS programme has been running for three years out of AUT in Auckland and has had 200 graduates to date (90% completion rate) – some of which are from the business community
- The Te Kōrau programme was tested in Auckland and had 11 participants graduate from the programme (out of a maximum of 15)
- Although no statistics have been gathered regarding the programme’s success in New Zealand, the applicant has been able to provide anecdotal evidence of success (see supplementary information and support letters)

Withheld - Commercial Information

**Wider benefits:**

- Increased social connections, contributing to a reduction in regional social isolation
- Building of regional entrepreneurial ecosystems through collaboration rather than competition – by working alongside existing networks, communities and services
- Enhanced well-being, leadership capabilities and performance of business owners and entrepreneurs
- Enhanced ambition and attitude of business owners, turning them into entrepreneurial leaders in their region to help inspire the next generation of aspiring entrepreneurs
- Increased “birth rate” of new businesses and decreased failure rates in the region
- Increased innovation and number of export-driven businesses in the region
- Growth in enterprises and number of SME’s in the region that can scale into medium and large-sized enterprises
- Enhanced attractiveness of the region as a place to live and work.

**Stakeholder support:**

- The applicant has worked with regional stakeholders to identify the need for this service in the locations identified
- Privacy of natural are supportive and are ready to implement within a short period of time if funding is approved
- The applicant has engaged with various hapu and marae delegates who have shown support and will also negotiate with various Iwi runanga and Rohe Collectives Privacy of natural persons to ensure the success of Te Kōrau (see associated documents for more information)
- Other letters of support have also been supplied. Withheld - Commercial Information

**Funding detail:**

- There is a one-off up front cost for facilitator training, on-boarding for each region and then ongoing costs for running the programme
- The average cost per participant is \$ Commercial Inf
- Future costs can be supplemented by inviting businesses to send staff to attend the course for a fee
- The applicant has no other funding sources for this initiative

	Response	PDU (TAM) Statement regarding achievability of target
Number of people expected to be targeted	Comme	This is achievable given the scale of the

by the project/activity annually (on average):		pilot
Number of people expected to attain employment as a result of the project/activity annually (on average):	Comme	The model has been tested successfully in NZ (90% completion rate) and a similar model tested internationally (86.8% go on to launch a business)
<b>Assessment against the PGF criteria:</b>		
<b>Eligibility Criteria</b>		
This application is eligible for PGF funding		
<b>Productivity Potential</b>		
<p>The project will improve productivity in the identified regions by:</p> <ul style="list-style-type: none"> <li>improving employability and upskilling local people,</li> <li>increasing social connections,</li> <li>giving local people the confidence and tools to implement their business ideas successfully and sustainably and,</li> <li>strengthening, diversifying and growing regional economies through the creation of new business</li> </ul>		
<b>Policy objectives</b>		
<p>Applications alignment with the principles of Te Ara Mahi:</p> <ol style="list-style-type: none"> <li>1) It focus 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</li> <li>2) It ensures additionality by filling a gap in service provision which existing cross-government departmental funding does not cover</li> <li>3) It fits within mechanisms for coordination of employers, workers and government that will endure past the lifetime of the PGF</li> <li>4) It does not reinforce investment in PGF Tier 2 (Sector Investment) and PGF Tier 3 (Enabling Infrastructure) projects</li> </ol>		
<b>PGF Criteria</b>	<b>Assessment Commentary</b>	<b>Rating (0✓ to 5✓)</b>
<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>The project does not explicitly align with economic and employment plans in the regions, however it has clear support from <small>Commercial Information</small></li> </ul>	<b>Partial</b>
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>This application focuses specifically on upskilling local people</li> <li>It aims to enhance the capabilities of aspiring entrepreneurs and the development of small businesses in order to support local people into new start-up businesses and employment opportunities</li> <li>It also aims to expand participants personal capacity for generating ideas; broaden their individual</li> </ul>	<b>Partial</b>

	perceptions of market opportunities; and increase their personal confidence in developing and implementing entrepreneurial initiatives	
Reduces the rates of people not in employment, education and training, with an emphasis on Māori	<ul style="list-style-type: none"> <li>This project targets Māori specifically</li> <li>It does not specifically target NEETs</li> </ul>	<b>Partial</b>
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 project will improve earning potential by supporting local people to build successful and sustainable businesses</li> <li>The project will support <sup>Comme</sup> % of its participants into sustained employment; either as business founders or as high-value employees with an entrepreneurial mind-set</li> <li>The service has proven success in delivering self-employment and employment outcomes</li> </ul>	<b>Yes</b>
<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>This initiative is a unique programme for which there is no similar alternative for the target group</li> <li>This funding seeks to pilot a version of an existing programme into provincial growth areas based on need</li> </ul>	<b>Yes</b>
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"> <li>No funding is currently available within government to provide the service delivered through this initiative</li> </ul>	<b>Yes</b>
<b>Connected to regional stakeholders and frameworks</b>		
Support from local employers, central and local government, and governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> <li>Evidence of support has been provided across a broad range of stakeholders including TPK, TEC and local Iwi</li> <li>The initiative has received in principle support from the <sup>Commercial Information</sup></li> <li>The applicant has received the commitment of two partner organisations – <sup>Commercial Information</sup> – to implement the initiative</li> </ul>	<b>Yes</b>
<b>Governance, risk management and project execution</b>		
Robust project management and governance systems	<ul style="list-style-type: none"> <li>The operation of their current service demonstrates robust project management and governance</li> <li>The applicant has a clear plan for developing these mechanisms to support the pilot</li> <li>The project management team have significant</li> </ul>	<b>Yes</b>

	experience in developing and delivering CO.STARTERS programmes and are well-versed in all aspects of project management. A full project plan is included with the application.	
Demonstrates the capacity and technical capabilities to effectively implement the initiative	<ul style="list-style-type: none"> <li>This is evidenced by their previous and current success in implementing and operating the initiative in New Zealand</li> </ul>	<b>Yes</b>
Risk management approach	<ul style="list-style-type: none"> <li>This is outlined in their application</li> </ul>	<b>Yes</b>
Future ownership / operational management	<ul style="list-style-type: none"> <li>The applicant plans to ensure the long-term success of the initiative by identifying suitable partner organisations that are prepared to make a <sup>Commercial Info</sup> commitment to Te Kōrau in their particular location/region. The Te Ara Mahi fund provides a “kick-start” for the <sup>Commercial Informatio</sup>, and covers initial one-off training and on-boarding costs. <sup>Commercial Information</sup></li> </ul>	<b>Partial</b>

**Funding Arrangements**

The funding arrangements are yet to be determined but will likely include one or two payments – for set up and then for attainment of outcomes

**Due Diligence and Ownership**

Nothing of note was identified as a result of due diligence. If approved, further due diligence may be undertaken on <sup>Privacy of natural persons</sup>

**Auckland University of Technology is a** Tertiary institution established under the Education Act 1989: funded by Tertiary Education Commission and governed by AUT Council (including Minister appointed members). As such, no enquiries have been made into Council members.

**Project team:**

- **Martin BELL (AUT):** <sup>Privacy of natural persons</sup>
- <sup>Privacy of natural persons</sup>
- <sup>Privacy of natural persons</sup>
- <sup>Privacy of natural persons</sup>

○ Privacy of natural persons

● Privacy of natural persons

None of the above individuals appear on the Companies Office list of disqualified/prohibited persons.

### 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	The initiative fails to achieve outcomes due to reasons such as low participation rates and/or low completion rates, causing a flow on reputational risk to the PDU	<ul style="list-style-type: none"> <li>- Ensure applicant has clear and feasible mitigations in place to address these risks and ensure outcomes are achieved</li> <li>- Reinforce that the initiative is a pilot</li> </ul>	Low
Funding alignment	It is perceived that investment in entrepreneurship is not aligned with the intent of Te Ara Mahi	<p>Clear communications regarding:</p> <ul style="list-style-type: none"> <li>- The alignment of outcomes with the intent of Te Ara Mahi</li> <li>- The uniqueness of the service</li> <li>- The previous success of the service</li> <li>- The alignment of the service with provincial growth outcomes</li> </ul>	Low

### Consultation undertaken or implications:

The following consultation has occurred:

Internal PDU teams – feedback on application received, more information sought from applicant, new information incorporated into application.

Other agencies – A wide range of agencies have been consulted on this initiative with the majority of agencies responding with no substantive feedback. Detailed cross agency feedback was received from MoE, TEC, TPK and MBIE – Māori economic development unit, all of which have indicated support for the application.

#### Ministry of Education

1) “I have no further feedback from a Ministry of Education perspective since Part G indicates the service will not be delivered to children and young people under the age of 18. The only caveat being that if senior secondary school students were involved in the future, then they would need to meet child protection policies and indicate how they would plan to work with relevant schools and the regional Ministry regional team”

2) Free and frank opinions

Free and frank opinions

**Tertiary Education Commission**

- 1) Regional TEC: “There is heaps of potential here! I’m aware of AUT’s mission in relation to generating entrepreneurial ecosystems, and this clearly aligns with that. We don’t fund them for anything like this, and I don’t see any issues with overlap/duplication in terms of what we do fund AUT to do.”

Free and frank opinions

AUT are a strong performer for us overall so there is no reason to believe they would not be successful here either”.

**TPK**

(see attached)

**MBIE: Māori Economic Development Unit**

“The only fund we have available through the MIF is the Commercial Advisors Scheme (CAS).”

Commercial Information

Unfortunately there is no other fund available through the MIF until then.”

Free and frank opinions

<b>Supporting proposal:</b>	Yes
<b>Appendices:</b>	Yes – Applications and supporting letters are attached as annexes <b>Withheld - Commercial Information</b>
<b>Author of paper:</b>	AM, Te Ara Mahi/He Poutama Rangatahi Team