



**PROVINCIAL
DEVELOPMENT
UNIT**

BRIEFING

Confirmation of the CODE Business Case

Date:	29 November 2019	Priority:	Medium
Security classification:	In Confidence	Tracking number:	1636 19-20

Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Approve the use of the \$95,000 from the Provincial Growth Fund towards the Centre of Digital Excellence business case.	4 December 2019
Hon Phil Twyford Minister of Transport Minister of Economic Development		4 December 2019
Hon David Parker Minister of Trade and Export Growth		4 December 2019
Hon Shane Jones Minister for Regional Economic Development		4 December 2019
Fletcher Tabuteau MP Parliamentary Under-Secretary to the Minister for Regional Economic Development	Note the contents of this briefing.	4 December 2019

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
David van der Zouwe	Head of Investment Management	Privacy of natural persons	✓
Jessica Sandford	Policy Advisor, Provincial Development Unit	Privacy of natural persons	

The following departments/agencies have been consulted
N/A

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn



Comments



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Purpose

This briefing seeks approval from Regional Economic Development (RED) Ministers for the use of the \$95,000 from the Provincial Growth Fund (PGF) towards the Centre of Digital Excellence (CODE) business case as part of manifesto contingency funding.

Recommended action

The Provincial Development Unit (PDU) recommends that you:

- a. **Note** that in October 2018 Senior Regional Officials (SROs) were informed of Dunedin City Council's Provincial Growth Fund application for \$95,000 towards the Centre of Digital Excellence business case. SROs did not make a decision on the application as the project had been identified as a priority and agreed to in the Government Manifesto.

Noted

- a. **Note** that due to processes in place at the time, the \$95,000 from the Provincial Growth Fund was then paid without final approval to Dunedin City Council in order to undertake the Centre of Digital Excellence business case, which has now been completed.

Noted

- b. **Approve** the use of the \$95,000 from the Provincial Growth Fund towards the Centre of Digital Excellence business case.

Agree/Disagree

- c. **Agree** that this funding is provided out of the manifesto contingency fund.

Agree/Disagree

David van der Zouwe
Head of Investment Management
 Provincial Development Unit
 Ministry of Business, Innovation and Employment
 / /

Hon Grant Robertson
Minister of Finance
 / /



**PROVINCIAL
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Hon Phil Twyford
Minister of Transport
Minister of Economic Development

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Hon David Parker
Minister for Trade and Export Growth

..... / /

Hon Shane Jones
Minister for Regional Economic Development

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Background

1. On 25 October 2018, Senior Regional Officials (SRO) were informed of the PGF application for \$95,000 towards the CODE business case. As the project had been identified as a priority and agreed to in the Government Manifesto, SROs did not make a decision on the application.
2. **Commercial Information** [REDACTED] Since the completion of the business case, RED Ministers have approved PGF funding of \$10 million towards the development and implementation of CODE [3985 18-19 refers].
3. The below references the PDU's previous assessment of Dunedin City Council's request for \$95,000 towards the CODE business case, previously provided to SROs.

CODE Business Case

Project details

Name of the project	The creation of the Centre of Digital Excellence (CODE) business case
Region	Dunedin
Applicant	Dunedin City Council
Total project value	\$ [REDACTED]
Amount of funding sought from the PGF	\$95,000
Financial instrument recommended	Grant

Project overview

4. The Labour Party Manifesto 2017 includes a commitment to invest \$10 million over 10 years to establish a CODE in Dunedin, with the vision of a \$1 billion computer gaming industry in New Zealand.
5. The Manifesto recognises that Dunedin is well-positioned to contribute to this vision through building on the city's emerging gaming and digital businesses, thriving start-up ecosystem, strong Māori partnerships, global linkages, and internationally-recognised academic centres.
6. In order for the \$10 million to be released, a business case first had to be developed. The PGF provided Dunedin City Council with \$95,000 towards the completion of this business case following the below PDU assessment.

Local support

7. **Commercial Information** [REDACTED] However, it has a strong level of support from a number of large regional players.
8. This proposal has evidence of strong support from the Dunedin City Council, local District Councils, the University of Otago, and the Otago Polytechnic.



Benefits

9. The administration of the project will likely create some additional jobs, to be determined through the business case. In addition, if the project is successful then it has the possibility to help businesses develop and create additional jobs downstream.
10. The creation of a centre that helps train individuals and nurture start-up businesses has the potential to deliver significant flow on benefits to the community. By providing training opportunities to individuals via the University of Otago it will also add to the capabilities and offerings of the University.

Ownership and governance

11. The project has a strong governance structure with an experienced steering group containing representatives from a number of regional and national stakeholders. The business case outlined how Dunedin City will deliver on the overall project.

Risk assessment

12. Due diligence has been undertaken with no concerns identified.
13. The applicant identified the key risks of the project and their ranking. Risks associated with this project have been mitigated by the robust governance structure (steering group) in place.

Next steps

14. RED Ministers to approve the \$95,000 business case for the CODE as part of manifesto contingency funding.