

Evaluation, Cover Sheet and Decision Form

Project:	Regional Digital Hub Proposal – Te Pae Tata		FOR: Approval
Applicant:	Nga Waihua o Paerangi		PDU ID: Commercial Information
Application type:	Main PGF	(A) Total Project Value:	\$ Commercial Informa
Funding type:	Grant	(B) PGF Funding Sought:	\$ Commercial Informa
Entity Type:	Registered Charitable Trust	(C) PGF Funding Recommended:	\$399,628
Region:	Manawatu-Wanganui	(D) Applicant Contribution:	\$ Commercial Informa in-kind/ committed
Tier:	1 - Regional	(D/A) Co-contribution Rate:	Comm %
Sector:	Digital Connectivity		
Application summary:	<p>To provide a regional digital hub in Ohakune for the Sothern Ruapehu region, including Ohakune, Raetihi and Waiouru, that will provide a purpose-build space for businesses, acting as a collaboration and co working space. It would also provide some business mentoring and innovation support.</p> <p><i>[Please see full project description on Page 3]</i></p>		

It is recommended that: SROs:

- **Agree** to approve a \$399,628 grant from the PGF towards the Regional Digital Hub Proposal – Te Pae Tata because:
 - This is in line with the PGF allocated funding for Regional Digital Hubs (RDHs) in that it:
 - Is located in a key service town in a rural area
 - Will provide digital connectivity and create a place for business and community activity
 - Has been identified by the region as a key location – the PRA and SRO identified the preferred districts for the region where a digital hub could be of most benefit to the business community. Preferred locations are Ruapehu (this application); Tararua and Horowhenua – being the most geographically isolated of the districts in the region, providing a good spread - connecting the southern, northern and eastern parts of the region – and the areas where there is the least level of existing business support infrastructure
 - subject to due diligence being completed (noting the only issue outstanding is a Trust Deed review)
 - subject to KPIs being established to assess ongoing performance of project

Section A: Triage – Assessment against PGF eligibility criteria

Is the project:

➤ an illegal activity?	No
➤ located in the three main metropolitan areas?	No
➤ seeking investment in large scale infrastructure of social assets?	No
➤ three waters	No
➤ <Provisional> - seeking 100% funding?	No
➤ <Provisional> - no Resource Consent	No
➤ <Provisional> - funding required for Feasibility Studies	No
➤ <Provisional> - project will not be underway before next election	No

If the answer to any of the above is YES, the application is NOT eligible for funding; complete the section directly below recommending the application be declined by Head of PDU

If the answers to all the above are NO, proceed to full evA aluation (Section B onwards).

It is recommended that Head of the PDU, using authorised delegation to decline PGF applications that do not meet the above criteria, provided by RED Ministers, decline this application noting [to be completed only if the application fails to meet the PGF eligibility criteria above]

Recommendation summary:

The application has failed to meet the eligibility criteria of the PGF as indicated above. [50 words or less –decline the application for \$[....] [grant/loan/other] from the PGF for XXX applicant. Detail the specific criteria the application fails to meet., and note any relevant matters]

Confirmed declined:

Name: David van der Zouwe,
Head of Investment

Signature: _____

.././2019

Name: Robert Pigou, Head of PDU

Signature: _____

../ ./ 2019

Application description

For context and selection processes please see Regional Digital Hubs background documents provided by the Digital Connectivity Project Team.

Te Pae Tata is a community learning and tech hub in Ohakune and services the areas of Southern Ruapehu including Ohakune, Raetihi and Waiouru, which has a population of approximately 3,000.

The hub is owned by Ngāti Rangi Trust and is staffed with a manager, administrator and a tech tutor at present and currently run workshops for the community, holiday programmes, tech experience opportunities, classes for the local college and the Kura Kaupapa.

The building they reside in is part of the College and is already connected with Fibre for a fast connection, which the community cannot currently access in the area.

Te Pae Tata currently operates a hot-desking facility for government agencies and banks. They see this funding as an opportunity to reposition the facility in order to support growth of new and existing businesses in the area. Te Pae Tata is in a position to provide a purpose-built space for businesses acting as a collaboration space and co-working space, as well as access to tools such as 3D printing, virtual reality, video and podcasting capabilities.

Te Pae Tata has a manager who has an extensive background in higher education and a team of ^{Com} which includes a tech tutor, an administrator who would likely take a secondment to oversee the business centre (the outcome of this application) and ^{Com} rangatahi that run Rawe Creative, another of their projects.

The applicant is seeking funding to assist with operating this facility over the proposed period of ^{Commerc} years:

Item	PGF	Co-contribution
Operational costs	\$ ^{Commercial Inform}	\$ ^{Commercial Inform}
Business centre co-ordinator	\$ ^{Commercial Informa}	\$ ^{Commercial Informa}
Workshop resource development	\$ ^{Commercial Inform}	\$ ^{Commercial Inform}
Administration costs	\$ ^{Commercial Inform}	\$ ^{Commercial Inform}
Management	\$ ^{Commercial Inform}	\$ ^{Commercial Inform}

The facility would provide:

- Collaborative working spaces to facilitate meetings and business development opportunities.
- Co-working spaces to support local start-up and/or work-from-home businesses.
- Digital training facilities and capabilities to upskill businesses in a range of digital tools.
- Business development training delivered by a range of local, regional and national providers.

The applicant proposes this facility will capitalise on curiosity and foster Ruapehu ingenuity to develop, highly skilled, connected, thoughtful learners and leaders prepared for the challenges and opportunities of a global digital world. They are able to use the range of digital tools available at Te Pae Tata, such as 3D printers, router table, virtual reality tools, audio and video recording facilities, and access to design and social media (including web) development advice.

Co-Funding Table

Co-Funder	Pledged/Confirmed/Cash/In-Kind	\$
Ngā Waihua o Paerangi	In-kind, committed	^{Commercial Informa}

Total		Commercial Informa
-------	--	--------------------

Overseas Investment Office	
➤ Is the application being made by a non-New Zealand based legal entity? (Foreign investment laws may apply and the Overseas Investment Office consulted)	No

Te Ara Mahi (applications only)	
➤ This project will be based in region: <i>[If multi-region please specify all regions here]</i>	Choose an item.
➤ Does your funding request involve wage subsidies?	Choose an item.
➤ Who does the project/activity target? <i>[This section should, at a high level, describe who will benefit from/be affected by the project/activity. Please cover:</i> <ul style="list-style-type: none"> • <i>Which grouping(s) of people it targets e.g. age (please specifically outline the age group targeted), ethnicity, young parents, people with disabilities</i> • <i>Whether the group is considered as 'Not in Employment, Education or Training' i.e. NEETs; include how they have been determined as NEETs.</i> • <i>Which employers/sectors are being targeted and why (outline here if the project/activity is specifically related to PGF Tier 2 and 3 projects)]</i> 	
➤ Is there any other information which would be useful background or context at this stage? <i>[Provide additional information which may be of use to us at this stage, nothing there will be more detail required during the application phase]</i>	

Section B: Operational Assessment Criteria (Complete for EoIs and Applications)

(Rate and comment – 1= poor, 5 = very good - Provide the number for this project, not subsequent phases)

Fund and government outcomes

Please highlight number below

Would the project:

<p>➤ create permanent jobs?</p>	<p>Not directly. Contributions will go towards the Business Centre Co-ordinator who will connect with existing businesses to identify opportunities for collaborations and training needs, as well as act as a facilitator for training and support the delivery of other programmes. This role will be supported by ^{Commercial Information} and part of an Commercial Information. These roles will provide the organisation support needed to run the space. Indirectly this project is supporting the growth of self-employment and businesses within the region.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ deliver community benefits?</p>	<p>Benefits include greater digital connectivity for self-employed, small businesses and the community. The outcome of this will see the community and businesses within Ruapehu with greater connectivity knowledge, being more innovative within their businesses, more regional economic growth, free wifi connection, collaborative working spaces, event spaces and more businesses starting that will be able to service the growing tourist population.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ increase utilisation of and returns on Maori assets?</p>	<p>The facility is owned by Ngāti Rangi Trust, a charitable trust established in 1992, with the support and endorsement of the Whanganui River Maori Trust Board, so that Ngāti Rangi could promote environmental, political social and cultural aspirations, and participate in the Treaty of Waitangi settlement process. They are nearing the end of their journey toward settlement and transition into a new post-settlement phase.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ enhance the sustainability of natural assets?</p>		<p>N/A 1 2 3 4 5</p>
<p>➤ mitigate climate change effects, or assist with the lowering of emissions?</p>		<p>N/A 1 2 3 4 5</p>

Additionality

Would the project:

<p>➤ add value by building on what is already there, without duplicating effort?</p>	<p>The project would enable an increase in economic activity by providing a digitally enhanced environment that supports connectivity and collaboration, thereby promoting improved growth and sustainability of new and existing businesses.</p>	<p>N/A 1 2 3 4 5</p>
--	---	-----------------------------

<p>➤ be a catalyst for productivity potential in the region?</p>	<p>The project will support start-up and current small businesses within the region.</p>	<p>N/A 1 2 3 4 5</p>
<p>Connected to regional stakeholders and frameworks</p>		
<p>Does the project:</p>		
<p>➤ align with regional priorities, such as frameworks, or regional plans?</p>	<p>Aligns with the PGF's aim to provide funding for Regional Digital Hubs for the provision of digital services in the surge regions. Ngāti Rangi Trust launched the Ruapehu Whānau Transformation Plan with the vision of helping to enable transformation across the whole community.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ have the support of local governance groups (councils, iwi and hapu)?</p>	<p>The applicant has support from:</p> <ul style="list-style-type: none"> • Ruapehu District Council – RDC has also offered a coffee machine for the space for businesses to use. • Whanganui and Partners • Visit Ruapehu – around provision for training for the tourism operators • Westpac and Te Puni Kokiri support the establishment of Waituhi (a part of Te Pae Tata) as a Business Centre • Local industry and organisations • Letters of support provided to date from <small>Commercial Information</small> 	<p>N/A 1 2 3 4 5</p>
<p>Governance, risk and project execution</p>		
<p>Does the application show:</p>		
<p>➤ robust project management and governance systems?</p>	<p>Little information provided on the management and governance systems.</p> <p>Te Pae Tata is a project team that sits under Ngā Waihua o Paerangi the charitable arm of Ngāti Rangi. Ngāti Rangi has the tribal entity of Te Kāhui o Paerangi then the PSGE which is Te Tōtarahoe o Paerangi (its board) which in turn oversees the charitable arm.</p> <p>Ngā Waihua o Paerangi is managed by Erena Mikaere, who was the driving force behind the Ruapehu Whānau Transformation plan which created Te Pae Tata.</p> <p>Te Pae Tata has a manager in place, Rachel Hoskin, who has an extensive background in higher education.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ plans for future ownership and operational management?</p>	<p>The applicant has estimated <small>Comment</small> years of operating funding needs for the digital hub. Commercial Information</p>	<p>N/A 1 2 3 4 5</p>

➤ how the project will be delivered and managed?	A timeline is provided by the applicant detailing deliverables as well as a list outlining milestones to be achieved.	N/A 1 2 3 4 5
--	---	---------------

Eol

Complete the above for EOIs. If Section B assessment is strong for an Eol, discuss with an Investment Director, the Eol may be progressed to an Application. If the results of the evaluation are not strong, discuss with an Investment Director, this may be an unsupported Eol.

Application

If the results of the evaluation questions in Section B are strong for an application, complete Evaluation/ Cover Sheet form and submit due diligence form. Complete request for additional information and send to applicant. Amend form as new material is supplied.

If the results of the evaluation questions in Section B are moderate, discuss with an Investment Director – the application may or may not be able to proceed.

If the results of the evaluation questions in Section B are mostly 1 or 2, discuss with an Investment Director – it is unlikely the application can proceed.

Complete assessment and undertake due diligence?

- Yes.** Complete the Evaluation/ Recommendation form and submit DD request form.
- No.** Complete the front page of this form, recommending the application be declined.

Section C: Risk Management Evaluation

Does this application demonstrate consideration of the following risks?			Yes
Type of risk	Risk description	Mitigations	Risk Rating
<input checked="" type="checkbox"/> Project risk	Is the project feasible? Can it be delivered on time, on budget and to specification?	The fit out only requires some furniture changes. [redacted] year fixed term to be negotiated for the business centre coordinator. Yearly reviews to be completed as to performance.	Low/Medium/High
<input checked="" type="checkbox"/> Operational risk	Will the project or asset operate to specification, to budget, and achieve the forecast revenue?	Commercial Information [redacted]	Low/Medium/High
<input checked="" type="checkbox"/> Force majeure/Insurance risk	Have insurable risks been considered? Is the level of insurance adequate?	N/A	Low/Medium/High
<input checked="" type="checkbox"/> Macroeconomic risk	Has the impact of possible external economic changes been considered?	N/A	Low/Medium/High

If the answers to the first question is NO, or assessments of risk(s) are HIGH, discuss with an Investment Director.

Section D: Funding and financial analysis		Please highlight number below
Does the application show:		
<p>➤ How strong is the financial position of the applicant organisation?</p>	<p>Audited financials as at 31/3/19 have been provided.</p> <p>Balance Sheet:</p> <ul style="list-style-type: none"> • Total Assets \$ Commercial Info • Total Liabilities \$ Commercial In • Equity \$ Commercial In Commer (%) <p>NPBT: \$ Commercial I</p> <p>The applicant is in a sound financial position and has a record of trading profitably.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ How does the scale of the project compare to their overall business?</p>	<p>The scale of the project fits well with their overall business.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Why is Crown funding being sought rather than commercially-available funding?</p>	<p>This is in line with the PGF allocated funding for Regional Digital Hubs (RDHs). This community project supports local businesses and is not suitable for commercial funding.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ What does the independent financial analysis/ business case indicate?</p>	<p>N/A</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Is the funding model requested appropriate? Is the PDU recommending a different model?</p>	<p>Grant funding is appropriate. There are no export/ WTO issues.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Has the applicant provided evidence of market pull for this project?</p>	<p>This has been identified by the region as a key location – the PRA and SRO identified the preferred districts for the region where a digital hub could be of most benefit to the business community.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Has the applicant provided evidence that their supply chain is secure?</p>		<p>N/A 1 2 3 4 5</p>
<p>Summary of funding and financial analysis:</p>	<p>No financial issues identified, the applicant is in a sound financial position</p>	<p>N/A 1 2 3 4 5</p>

Funding arrangements

PGF Funding to be split:

- Capital Purchases: \$ [Commercial Inform]
- Operating expenses \$ [Commercial Inform]

Operating costs to be allocated over [Com] years

Proposed Term Sheet Summary (noting full term sheet will be developed post decision)

Key loan details to be considered

Structure	SPV etc.	Interest rate	%
Maximum funding amount	\$	Default interest:	Comm %
Co-funding	\$	Loan repayment terms:	Bullet or Amortised
Term		WTO	
Security			
Concession(s) (if applicable)			

Consultation from partner agencies undertaken or implications

Feedback from MBIE Tourism:

Ruapehu is a high priority embryonic destination in the governments draft Tourism Investment Framework and a priority area of focus for destination management.

MBIE Tourism supports this proposal as it complements the role of the Ruapehu Destination Development Manager also funded by the PGF (Work Programme attached). One of the key focus areas of the role is building the capability of the tourism industry. Feedback from the Ruapehu tourism businesses in May 2019 highlighted the top three priorities they want support with are:

- *Product development/innovation*
- *Digital marketing/ Marketing*

- *Sustainability Commitment*

Improving these should lead to sustainable, productive and inclusive growth - Goals of the Governments Tourism Strategy and both regions economic action plans.

To ensure the facility is well used and that MBIE is taking a coordinated approach I suggest the Destination Manager (Warren Furner) from Ruapehu District Council and Jo Kennedy, Regional Tourism Organisation (RTO) are briefed on the proposal and how they support the Tourism businesses to use the facilities.

Conflicts of interest and T&Cs

[List any conflicts of interest, including potential conflicts of interest]

[Has the applicant correctly completed the T&Cs and signed the application?]

Further information from applicant

Following initial assessment, additional information was sought from the applicant:

- Please provide:

Summary statement of Peer Review undertaken

The following Peer Review has taken place in connection with this application:

All applications are discussed between the Regions Team and Investment Team during the assessment process and prior to submission to SROs.

Consultation with the relevant partner agencies has occurred allowing them to provide any relevant technical advice with any feedback included verbatim within this application form.

In the development of this form:

- i. A peer review by an Investment Director has taken place and included the following to the satisfaction of the peer reviewer:
 - a. An evaluation against the PGF criteria;
 - b. Financial analysis;
 - c. A risk assessment, highlighting any relevant or key risks;
 - d. Conflicts of interest have been noted and accepted
 and the peer reviewer concurs with the recommendation proposed.
- ii. The Head of Investment has reviewed this recommendation.
- iii. This application has been reviewed by the PDU SLT.

Peer Review has been completed

Yes

Supporting proposal:

Yes

Appendices:

Yes – Applications and supporting letters

Author of paper:

HH, Investment Analyst, NH, Investment Director, PDU Investment Team]