

2.30 Woodville, Tararua District Regional Digital Hub

Evaluation, Cover Sheet and Decision Form

Project:	Regional Digital Hub, Woodville, Tararua District	FOR:	Discussion and support
Applicant:	Tararua District Council	PDU ID:	Commercial
Application type:	Main PGF	(A) Total Project Value:	\$ Commercial Informa
Funding type:	Grant	(B) PGF Funding Sought:	\$ Commercial Informa
Entity Type:	Local Authority	(C) PGF Funding Recommended:	\$400,000
Region:	Manawatu-Wanganui	(D) Applicant Contribution:	\$ Commercial Informa
Tier:	3 - Infrastructure	(D/A) Co-contribution Rate:	Comm %
Sector:	Digital Connectivity		
Context for PGF investment in Digital Connectivity	<p>In October 2018 [CAB-18-MIN-0516], Cabinet approved an allocation of \$100 million for investment in digital connectivity.</p> <p>This \$100m allocation has three parts. The first is \$40m for expanding the Rural Broadband Initiative Phase 2 (RBI2) and Mobile Blackspot Fund (MBSF). This will support people living in remote areas of surge regions and the tourism sector. A further \$40m is to help improve the broadband performance available to businesses and households in Milford Sound and the West Coast, where the level of broadband investment through government broadband programmes has not been as strong relevant to other regions.</p> <p>The remaining \$20m of the allocation is for local digital connectivity to improve the accessibility of digital connectivity to support jobs, skills development and social inclusion. Local digital connectivity is made up of two initiatives and sub-allocations of funding: Marae Digital Connectivity (\$13m) and Regional Digital Hubs (\$7m). This sub-allocation of funding for local digital connectivity was agreed by RED Ministers on 24 January [2159 18-19].</p> <p>In the same October Cabinet paper, Cabinet also approved a position paper on the PGF approach to investment in digital connectivity. It includes four principles for local connectivity investment which will be applied when considering applications that relate to local connectivity. As such, evaluations of Regional Digital Hub applications are based on four principles: accessibility, criticality, economically sustainable, and local based priorities.</p>		
Application Summary	<p>Tararua District Council is seeking a \$400,000 grant from the PGF to establish a regional digital hub in Woodville. The hub will have be established with 3 objectives in mind; uplift digital capability of existing SME businesses in the Tararua district, create an entrepreneur eco-system at the hub and retain more young people in the region by enabling people to pursue tertiary education whilst living in the district.</p> <p>PGF funding will cover the costs of establishing the regional digital hub and cover the rental costs of facilities and digital connectivity for 5 years.</p>		

The PDU recommends approving this application on the basis that it aligns strongly with the Regional Digital Hub Aide Memoir and will offer facilities to a significant rural population (8000 approximately) that does not have the same level of access to digital services as urban populations.

It is recommended that: SROs

Support the PDU recommendation to support \$400,000 grant towards *Woodville* Regional Digital Hub, 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
- A RDH will contribute significantly to the uplift of digital capability in the Tararua district.
- Woodville is the most suitable location for a RDH to promote digital capability uplift in the Tararua district as it is the most central township in the district. Woodville also does not have any existing services to promote small business growth or digital connectivity that Dannevirke and Pahiatua have.

Funding conditions:

- Confirmation of co-funding
- PDU approval of the final governance structure, expected project deliverables and financials
- The regional digital hub existing in a separate, physically segregated space from the commercial area of EPIC Westport's facilities
- Commitment to fund any shortfall if sponsorship is not adequate

Section A: Assessment against PGF local connectivity investment principles

How does the project demonstrate:

- **Accessibility:**
How does the initiative remove or reduce barriers to digital connectivity local communities and businesses currently face, and, promote opportunities associated with digital connectivity.

The applicant has identified the following 3 objectives for the RDH:

- 1) To support the uplift of digital literacy of existing SME businesses in the Tararua district
- 2) Provide facilities such as co-working spaces to enable the development of a digital entrepreneur eco-system
- 3) Provide an opportunity for tertiary students to undertake their education by distance

Woodville and the Tararua district are expecting significant growth in the foreseeable future as the new road to replace the Manawatu Gorge is constructed. The regional digital hub will provide office facilities that will be necessary for businesses working on the construction project. The facilities will be shared with SME businesses in Tararua which will present an opportunity for these businesses to collaborate and share knowledge.

Access to services will also be available free of charge

<p>➤ Criticality: Is the regional digital hub a critical component for supporting a wider PGF investment in the region? How does the proposal promote wider regional goals?</p>	<p>for the first 5 years of the hub’s operation.</p> <p>This RDH is one of three that will be established in the Manawatu-Whanganui region. The other two RDHs in the region will be located in Ohakune (which has been approved) and Levin.</p> <p>The Tararua District Council will leverage the existing support facilities in Pahiatua (Service Centre) and Dannevirke (Tararua Business Network) to promote awareness of the RDH and to ensure duplication of services is avoided. The applicant also notes that there is no existing co-working facility in the Tararua district. With the development of the new road replacing the old Manawatu gorge road, there will be an increased demand for working spaces. A suitably designed RDH will provide some supply to satisfy this increased demand and will allow for small local businesses to connect with established companies that are contractors for the new roading project.</p>
<p>➤ Economically sustainable: Is it likely the regional digital hub will be financially sustainable when PGF funding ends? PGF funding is limited to covering costs (part or full funding) of Regional Digital Hubs for up to 5 years.</p>	<p>Woodville has been identified as the ideal location for the RDH due to its location as the most central township in the Tararua district, as well as the high traffic flow through the town (approximately 6,000 cars a day). Demand for services, particularly digital services, is expected to increase significantly in the foreseeable future, particularly as the Manawatu Gorge replacement route is constructed.</p> <p>Tararua District Council will contribute \$^{Commercial Informa} towards a scholarship for a local digital business (\$^{Commercial Inform} p.a.) and expect to raise \$^{Commercial Informa} from sponsors of the project. The digital hub is also expected to generate \$^{Commercial Informa} of rental income across the 5 year project. Note the rental income is from lease of additional space at the RDH location that is not required for operation of the RDH.</p>
<p>➤ Locally based priorities: What specific needs of the local community does the Regional Digital Hub provide a solution to? How does the Regional Digital Hub intend to achieve this?</p>	<p>The project aligns with the PGF’s aim to provide funding for Regional Digital Hubs for the provision of digital services in the surge regions.</p> <p>Supporting and growing new business is one of five key themes set out in the 2019 Tararua District Council Economic Development Plan. The regional digital hub will support existing businesses through the provision of necessary business facilities and grow new businesses by providing a space that is suitable for developing ideas and collaborating with other businesses.</p>

Funding arrangements

Suggest a grant of up to \$400,000 from the PGF fund towards a Regional Digital Hub in Woodville.

Tararua District Council has not provided a breakdown of proposed deliverables at this stage, which will be a condition precedent to the funding being released. Tararua District Council is aware that PDU's expectation is that the RDH is to be operational by Commercial Information.

Conflicts of interest and T&Cs

Commercial Information

Due Diligence

Note above

Supporting proposal:	Yes	To Be Proactively Released Separately to this Document
Appendices:	Yes – Application	
Author of paper:	MN, Investment Analyst, PDU Investment Team NH, Investment Director, PDU Investment Team	