

# Application for Funding Projects

## **About this form**

This form enables you to make an application for funding over \$100,000 from the Provincial Growth Fund for applications relating to the delivery of projects.

You will need to use the Express Form if your application is for an activity under \$100,000 or the Development Phase Form if your application is within the Development phase of a Project (i.e. feasibility / business case).

These forms are available on the [Provincial Growth Fund website](#)

## **Purpose of the Provincial Growth Fund**

The Provincial Growth Fund aims to lift productivity potential in the provinces. Its priorities are to enhance economic development opportunities, create sustainable jobs, enable Māori to reach their full potential, boost social inclusion and participation, build resilient communities, and help meet New Zealand's climate change targets.

## **Completing this form**

Please complete all sections fully and accurately. Square brackets and italics indicate guides. Please see the PGF website or contact your regional relationship manager, for further support.

## **Submitting your application**

All completed forms must be emailed to [PGF@mbie.govt.nz](mailto:PGF@mbie.govt.nz) with a clear subject included.

If you are a Trust (or applying on behalf of a Trust), then you must provide a copy of your Trust Deed.

## **Next Steps**

Applications will be assessed for eligibility, as well as how well they will deliver on the aims of the Provincial Growth Fund. One of our team will be in contact regarding your application.

## **Funding Agreement**

The template funding agreements can be found on the [Provincial Growth Fund website](#)

## **Public disclosure**

The Provincial Development Unit is responsible for leading the Provincial Growth Fund's design, administration and monitoring its operation in consultation with other government agencies. In the interests of public transparency, successful applications may be published by the Provincial Development Unit. Commercially sensitive and personal information will be redacted by reference to the provisions of the Official Information Act 1982. Please identify by highlighting any information in your application that you regard as commercially sensitive or as personal information for the purposes of the Privacy Act 1993.

## Part A: Key Details

Please note that if the funding agreement will not be held with the applicant (i.e. applying on behalf of another organisation), then we require the details of that organisation.

1. Proposal Title:

2. Please provide a very brief description of the project/activity:

The purpose of the Centre for Digital Excellence (CODE), to be located in Dunedin, is to develop a creative digital industry for New Zealand that delivers new economic growth and sustainable employment. Over ten years, the ambition of CODE is to grow a \$1 billion video games industry and to maximise economic and social outcomes through developing a niche **Commercial Information** sector. CODE will achieve these outcomes by matching the supply of talent to industry needs, lifting industry scale and perception, strengthening networking and leadership, leveraging Dunedin's key strengths in health and education, and linking CODE to the **Commercial Information**

3. Please provide the details of the applicant organisation/entity for which funding is being requested:

<b>Legal Name:</b>	Dunedin City Council
<b>Entity Type:</b>	Local Authority
<b>Registered Offices / Place of Business:</b>	Civic Centre. 50 The Octagon, Dunedin
<b>Identifying Number:</b>	[e.g. Company Number, NZBN, Trust / society number, etc. if applicable]
<b>Organisation's Website:</b>	<a href="https://www.dunedin.govt.nz">https://www.dunedin.govt.nz</a>

4. Please provide the contact details for a person as a key point of contact):

<b>Contact Name and Role:</b>	Fraser Liggett, Economic Development Programme Manager, Enterprise Dunedin, Dunedin City Council		
<b>Email Address:</b>	Fraser.Liggett@dcc.govt.nz	<b>Telephone:</b>	<b>Privacy of natural persons</b>

5. Please describe the principal role or activity of the applicant organisation.

6. This project will be based in the region of:

7. What type of funding is this application for:

8. What is the activity / funding start and end date?

<b>Start Date:</b>	<b>Commercial Information</b>	<b>Completion Date:</b>	<b>Commercial Information</b>
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9. Has this project / activity been previously discussed with any part of Government?

Yes:  No:

If Yes, please describe which part of government, and what the outcome of the discussions were.

Because CODE is a Government Manifesto commitment, the Ministry of Business, Innovation and Employment (MBIE) has been explicitly involved in its development. This has included regular fortnightly briefings with the Science Innovation and International team at MBIE, participation in design workshops, and representation by their Director of Science Innovation and International on the CODE Steering Group. MBIE has regularly briefed Hon Woods throughout the development of CODE, while Enterprise Dunedin has continued to update local members of Parliament, including Hon Curran and Clark, on progress. This ongoing engagement has allowed cocreation and validation of CODE's Business Base.

The Provincial Development Unit (PDU), including its Investment Director, has also been extensively involved in the development of CODE - culminating in a meeting in Wellington in February 2019. The role of PDU has been to assess and review the methodology, assumptions and outputs of CODE's Business Case.

The Department of Conservation, Ministry for Culture and Heritage, Ministry for Primary Industries, Ministry of Social Development, New Zealand Transport Agency, Ministry of Trade and Enterprise and Te Puni Kōkiri have been consulted on the development of the Business Case, and their feedback integrated where appropriate. Separately, the Tertiary Education Commission has been consulted on the potential academic programme and the **Commercial Information**

Sarah Brown, the local representative on the PGF Independent Advisory Panel has been briefed on the proposal. The CODE Project Team has also consulted Pete Hodgson (Chairman of both Callaghan Innovation and the Southern Partnership Group), and the **Commercial Information**. Overall, the feedback from officials on the proposal has been supportive and positive.

10. Have you previously received Government funding for this Project?

Yes:  No:

11. Are you an overseas investor for the purposes of the Overseas Investment Act?

Yes:  No:

12. Please set out the proposed sources of funding for the Project:

Source of Funding:	\$ (excluding GST)	Status / Commentary
Provincial Growth Fund Funding (through this application)	\$ <b>Commercial Inform</b>	\$10m indicated as set aside as a provision
<b>Commercial Information</b>	\$ <b>Commercial n</b>	Subject to negotiation
<b>Commercial Information</b>	\$ <b>Commercial n</b>	<b>Commercial Information</b>
<b>Commercial Information</b>	\$ <b>Commercial n</b>	<b>Commercial Information</b>
<b>Total:</b>	\$ <b>Commercial Informa</b>	

**Commercial Information**

## Part B: Project Description

13. This application is:

"a stand-alone activity"  or "in support of a wider project/programme"

14. Will additional funding be required in the future?

Yes:

No:

If Yes, please describe at a high level, what this may include, and when this is likely to be applied for.

N/A

15. Has a feasibility study, or equivalent, been conducted prior to this application?

Yes:

No:

If Yes; please provide a copy, including an overview of the feasibility study and any outcomes.

16. Please provide a detailed description of this project for which funding is being applied:

### What funding for?

1. PGF funding is required to deliver on the Government Manifesto commitment and vision for CODE. This will accelerate the growth of the video game and **Commercial Information** in Dunedin and in New Zealand. Funding will be directed towards a range of initiatives - developed and validated by the gaming and tertiary sector and other key stakeholders - to align talent to industry needs, increase scale and perception, provide leadership and networks and leverage Dunedin's points of difference.

### Why is it required?

2. CODE will maximise employment, export and growth opportunities associated with the game development sector.
3. The global video games industry was worth USD\$121.7 billion in 2017 and is projected to be USD\$180 billion in 2021.<sup>1</sup> The global serious games market - **Commercial Information** - was worth USD\$3.5 billion in 2017 and is expected to grow 18.2 per cent annually to reach USD\$15.6 billion by 2026.<sup>2</sup>
4. The New Zealand Game Developers Association (NZGDA) reports that, although relatively new, the total video games industry is now worth over \$500 million to New Zealand each year and their members export \$140 million annually. Notably, 93 per cent of revenue from New Zealand-made games comes from export markets.
5. As part of its election Manifesto, the Government committed \$10 million to establishing a centre of digital excellence (CODE) in Dunedin to build on existing local, national and international gaming, digital business and academic strengths. With the support and guidance of MBIE, the CODE Project Team and Steering Group have extensively explored and tested proposals for what CODE would do - taking into consideration the barriers to growth identified by the NZ Game Developers Association, feedback from stakeholders and the current local and international contexts for gaming and game development.

<sup>1</sup> Newzoo, April 2018 Quarterly Update: Global Games Market Report, [newzoo.com/globalgamesreport](http://newzoo.com/globalgamesreport)

<sup>2</sup> Interactive Aotearoa: Driving Growth and Wellbeing Through Interactive Media, Draft January 2019, The New Zealand Game Developers Association, page 58

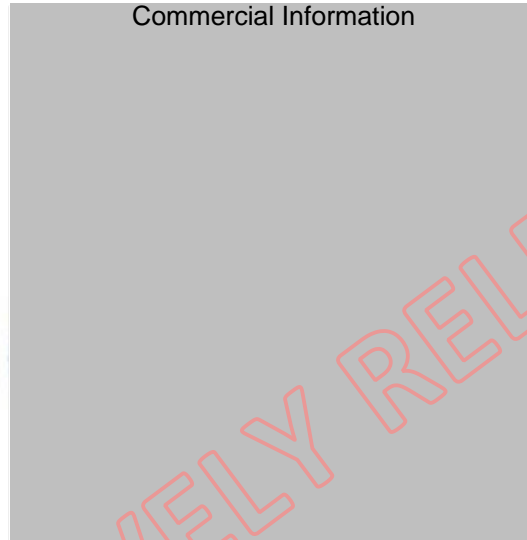
**What will the project will do?**

6. CODE will address the barriers and opportunities identified by stakeholders by delivering two strands of activity:

a. 'Core activities'

b. Commercial

7. The core activities are primarily focused on establishing and delivering initiatives to grow the game development sector. Commercial Information



**Core CODE includes:**

- Developing skills (revamping the tertiary education curriculum, investing to build school and non-school pathways to the industry, providing incentives that attract and retain talent, including Māori, leading an annual workshop on education options and skill needs);
- Growing digital capability through enhanced partnerships (building local partnerships - firms, education providers, Ngāi Tahu, the start-up ecosystem, developing and extending international links, hosting international research fellows and speakers);
- Supporting innovation to create growth through contestable product development funds targeted to areas of special focus (e.g. Māori coders, women, youth), hosting annual game development challenges;
- Facilitating growth in digital employment in Dunedin (leveraging investments in skills, capabilities, research - industry and academic, and innovation by building an environment that connects individuals with opportunities leading to earnings and jobs);
- Diversifying the industry through targeted pathways, particularly for Māori, youth and women;
- Attracting businesses and individuals to Dunedin (establishing Dunedin as a compelling location for game developers).

Commercial Information



## How it links to other projects?

8. CODE links to a broad range of initiatives. These include the development of the local digital and start-up ecosystem in Dunedin, supported by partners to the 2013-23 Dunedin Economic Development Strategy. Over the last two years the Grow Dunedin Partners (comprising Dunedin City Council, University of Otago, Otago Polytechnic, Otago Chamber of Commerce Incorporated, Otago Southland Employers Association, Te Rūnanga o Ōtākou and Kati Huirapa Runaka ki Puketeraki) have invested in the delivery of measures to support start-ups and scale-ups in the city. Measures include the delivery of programmes such as Co.Starters and incubation services. CODE draws upon the Economic Development Strategy themes of "linkages across borders" and opportunities for global export. Specific opportunities (in this case scalable and weightless exports) have been identified through existing and well-established sister city agreements with Shanghai and Edinburgh.
9. After winning Chorus' Gigatown competition in 2014, Dunedin became the country's first GigCity gaining access to a one gigabit per second fibre connection, accelerated fibre roll-out, subsidised gig-speed pricing and community funding, and free public access to this network. A framework, or "Plan for Success", underpinned measures to support an innovation environment to build on the start-up ecosystem, to create jobs, enable collaboration and bridge the digital divide. Emerging from GigCity, Dunedin's Smart City aspirations will bring together city and regional datasets to facilitate understanding and informed decision-making and may support other quality of life measures, strategies and city-wide leadership. CODE will build on GigCity initiatives, further strengthening the ecosystem. Smart City methodologies will enable CODE to lift scale and perception through developing positive public awareness of the video game industry to increase legitimacy and grow talent and investment through quality data gathering and analysis

10. Commercial Information

11. The New Zealand Game Developers Association (NZGDA) has been an important advisor in the development of the CODE Business Case. Members of the NZGDA have been integral to the development of the Business Case through participation in workshops and in the Steering Group. The NZGDA draft report - *Interactive Media: Driving Growth and Wellbeing through Interactive Media - an Analysis of the impact of Interactive Media and Video Games on the New Zealand Economy and New Zealand's Wellbeing* - has informed and validated many aspects of the CODE Business Case. Discussions with the Report Editor and NZ Games Development Association Secretary have also informed the Business Case.

## Benefits

Over a ten-year period, CODE aims to deliver new economic growth and sustainable employment:

- The creation of 30-50 sustainable indie video game studios, each employing on average <sup>Commercial</sup> people and generating on average \$<sup>Commercial Information</sup> revenue per annum;
- The creation of 3-5 large video game studios, each employing on average <sup>Comme</sup> employees and generating on average \$<sup>Commercial Inform</sup> revenue per annum;
- Approximately 450 graduates with industry relevant qualifications and skills in making video game products from the University of Otago and Otago Polytechnic;
- Access to national, global and industry experts to support the creation of scalable video game studios and research innovation outputs, such as publications;
- Approximately 1,000 people (including school students and those not in education, employment or training, new-comers and career changers) attracted to video game

development education pathways and skills opportunities;

- Nearly \$<sup>Commercial</sup> worth of grants to support Dunedin video game start-ups and scale up companies in Dunedin; Commercial Information
- For each of these outcomes, the CODE governance board will aim to achieve at least 15% participation by Māori over the 10 years.

17. How does this project demonstrate additionality within the region?

**Why the project is not underway**

12. Compared to other sectors, video game development is young and generally composed of first-generation companies. There are currently 41 studios in New Zealand (the majority of which are small), with just two recognised companies in Dunedin.
13. While relatively new, the digital market (including video game development) is one of the fastest growing parts of our economy, with the potential to become a major contributor in the future.
14. The significant economic potential of the video games sector as a component of the digital economy has only emerged in recent years. To date, the relative newness, entrepreneurial nature and limited resources of the sector has limited the extent to which it can capitalise on its growth potential.
15. In New Zealand, it was not until 2017 that the video game sector became a specific focus for potential Government investment, when the Labour Party recognised through its Manifesto commitment the sector's economic potential and the opportunity to support its growth through Government investment.
16. The resulting CODE project, for which this application seeks funding, will for the first time provide the collective impetus and resources needed to coordinate local, national and international knowledge and expertise, and deliver supporting initiatives that will help grow a \$1 billion industry over the next 10 years.

17. Commercial Information

**How the project provides a new asset and is not seeking maintenance funding.**

18. The 2017 Manifesto proposed accelerating existing digital start-ups with an incubator space that includes a motion-capture studio, access to publishing software and mentorship programmes.
19. Based on industry feedback, a range of activities have been included to accelerate existing start-ups and encourage and support new start-ups. Game developers in Dunedin currently have access to three motion capture studios - this has therefore not been included as a core activity for CODE. The focus is instead on developing the human capital required to grow the sector.

**The benefit of Central Government funding (i.e. over alternative sources).**

20. The size and composition of the sector (predominately small and independent studios) is a barrier to collaboration with tertiary and other training organisations, economic development agencies and other national and international stakeholders. Opportunities for the sector to grow further and realise its export potential can only be fully realised with well-resourced and coordinated support.
21. The NZGDA notes that the emerging games industry is a new business model for local investors and government programmes, and that if supported at an early stage, has the



potential to provide immense digital and social returns. The value of government investment in the game development sector has been highlighted by international examples.

22. Government funding for CODE will enable the video game development sector to overcome the barriers to growth identified by the NZGDA and stakeholders, and capitalise on and accelerate its growth potential through providing the following benefits:

- Greater visibility and legitimacy through highlighting and supporting the sector's positive aspects and contribution to the four well-beings
  - Opportunities to influence the development of school, tertiary and other training provider curriculums to meet industry needs, and provide pathways for growing talent and incorporating greater focus on game development ethics within curriculums
  - Incentives and pathways for greater inclusiveness and diversity - including more opportunities for women and Māori - leading to increased business capability, innovation, business growth and productivity
  - Links between the sector and a greater range of national and international stakeholders, investors and funders - creating more opportunities for diversification, investment and scale-up
- Commercial Information**
- Establishment of a secure, sustainable and supportive ecosystem which:
    - gives existing studios greater access to the expertise, talent, industry contacts and investment they need to build business capability and grow
    - enables them to innovate, diversify, take greater risks and focus on what they do best to become more competitive in a global market
    - provides multiple pathways for the creation and growth of new studios

**Why this project will unlock the potential within the region.**

23. Dunedin was identified as the home for CODE in the 2017 Manifesto and is well-placed to deliver on the Government's vision for CODE for many reasons.

24. The city's vision is to be one of the world's great small cities, which encapsulates several ideas:

- Dunedin is a centre of learning, education and research;
- It sparks creativity and experimentation in our community;
- It has an enterprising and pioneering spirit;
- It has strong relationships with mana whenua;
- The city has an inspiring cultural heritage and natural environment;
- Dunedin is relevant and connected to international markets.

25. In 2012, the Dunedin City Council, University of Otago, Otago Polytechnic, Otago Chamber of Commerce, Otago Southland Employers Association and Ngāi Tahu came together to develop and agree the 2013-23 Dunedin Economic Development Strategy and have since implemented a range of interventions based on the Strategy's themes to grow the city's economy.

26. Economic growth in Dunedin has now remained above 2% per annum for four straight years - with 2.6% growth in 2018. In the five years to 2018, the number of filled jobs in Dunedin increased by 4,721 (an average of 1.6% per annum). In 2017 and 2018, the number increased by 2,864 (an average of 2.4% per annum), indicating the rate of job growth is accelerating.

27. Health technologies, niche manufacturing and engineering, ICT/Tech and creative-related industries have all grown over the past decade, and increased employment in these areas reflects that growth.



28. Over the past 9 years (2009-2018), the professional, scientific and tech services sector was in the top 5 sectors creating the highest number of new jobs in Dunedin. A high proportion of this growth occurred in 2018, when the sector created the highest number of new filled jobs in Dunedin.

29. CODE aligns well with the strategic themes within the Dunedin Economic Development Strategy (notably 'hub for skills and talent', 'alliances for innovation' and 'linkages across borders') and will enhance the strategic activities already underway to unlock Dunedin's economic potential and maximise contribution to the Otago Region.

30. CODE builds on the city's strengths as a centre of knowledge, innovation and expertise in the digital economy, and it builds on the investments to date in developing the Dunedin digital economy such as GigCity and start-up ecosystem.

31. Commercial Information

32. Within the last 12 months, economic development managers from each local authority within Otago have come together to form the Otago Regional Economic Development Working Group. They have recently completed a draft strategic framework which includes a strong commitment to working together collaboratively to advance projects that will deliver multi-district benefits across the region. Themes within the framework - including connectivity, productivity and talent - align well with CODE and the group will look to pursue opportunities to link in with other regional projects and maximise CODE's benefits across the region. The ORED Economic Development Managers group confirmed their support for CODE on 9 April meeting in Cromwell.

33. Commercial Information

34. In the digital world, trustworthiness and ease of doing business are particularly important, and Dunedin is well-placed to build on its established connections.

35. Given the international export focus of the gaming industry there is an opportunity for CODE to further develop relationships with gaming and digital centres of excellence and access talent in Europe and Asia. Commercial Information

- The international computer gaming industry is going from strength to strength and can hold opportunity for Dunedin;
- Geography is no barrier to market success and computer game development is an industry that has transferable skills and so supports more innovation;
- Many international parties are interested in partnering with Dunedin and CODE, and are willing to support the establishment of CODE with contributions of expertise and time;
- Dunedin has an opportunity to become a compelling computer game development destination and the ability to create and leverage strong international connections.

36. Commercial Information

Commercial Information

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

37. In summary, for the city and region, CODE will complement and contribute to:

- Developing and strengthening existing partnerships with other key stakeholders – notably Ngai Tahu, the University of Otago [Redacted] Commercial Information [Redacted]
- Further unlocking the potential of planned projects in the city [Redacted] Commercial Information [Redacted]
- Creating niche curriculums at the University of Otago and Otago Polytechnic;
- Serving communities across the Otago region – including applied technology solutions across sectors, improved delivery of health services, and matching investors and start-ups;
- Providing new and worthwhile opportunities for school-leavers to develop and utilise their skills and remain in the Otago region;
- Providing opportunities for highly skilled and productive employment;
- Raising the profile of Dunedin City and the Otago Region internationally – [Redacted] Commercial Information [Redacted]
- Developing technological services and gaming solutions for a range of other sectors such as tourism, primary industry (horticulture, agriculture), creative, manufacturing, education and health.

18. How is the project connected to regional (and sector) stakeholders and frameworks?

**Dunedin Economic Development Strategy 2013-23**

38. The Economic Development Strategy (as outlined in section 16) sits alongside and complements seven other strategies owned by the Dunedin City Council which are also intended to deliver the vision for the city and are summarised in the following diagram:

# Strategic Framework

FOR DUNEDIN



39. CODE aligns well to the Economic Development Strategy through two strategic themes:

*Alliances for innovation* - to build critical mass in Dunedin's innovative and tradable sectors that are based on what we are already good at, our unique resources and existing knowledge.

*Hub for skills and talent*- through the development of industry focused curricula, pathways, funds and competitions.

*Linkages beyond our borders* - Dunedin has strong political, cultural and economic connections with Shanghai and Edinburgh. These connections have been established over many years, and the result is a high level of trust and goodwill. Given the international export focus of the gaming industry there is an opportunity for CODE to further develop relationships with gaming and digital centres of excellence and access talent in Europe and Asia.

## Otago Regional Development Economic Framework

40. A working group comprising economic development managers from councils across the Otago region has recently developed a draft ORED, in consultation with an advisory group and key stakeholders, to strengthen economic development within the region. This framework is intended to support focused and productive long-term collaboration between Otago councils and will inform and incentivise regional collaboration on economic development projects. These regional linkages enable Dunedin to collaborate with neighbouring partners where we identify areas of mutual interest and benefit. The ORED working group has been represented in the workshops and Regional Mayors and CEO's have been updated on the progress of the Business Case through various forums. While the final framework is still to be agreed by the councils, CODE strongly aligns with the themes of 'innovation' and 'productivity' - two of six draft themes currently being considered as part of the framework. ORED Economic Development Managers confirmed their support for CODE at a meeting on 9 April 2019.

### University of Otago Strategy

41. The University of Otago has noted CODE's alignment with strategies activities in the areas of digital technologies, business skills development, innovation, entrepreneurship, Commercial Information and digital education and platform development.

### GigCity

42. After winning Chorus' Gigatown competition in 2014, Dunedin became the country's first GigCity gaining access to a one gigabit per second fibre connection, accelerated fibre roll-out, subsidised gig-speed pricing and community funding and free public access to this network. A framework or "Plan for Success" underpinned measures to support an innovation environment to build on the start-up ecosystem, to create jobs, enable collaboration and bridge the digital divide. CODE will build on GigCity initiatives further strengthening the ecosystem.

### Dunedin Start Up ecosystem

43. The Dunedin City Council has undertaken rigorous analysis around the challenges and strategic approaches to start-up ecosystems. As a result, the city has invested substantial funding to nurture and grow the Dunedin start-up ecosystem. This will:

- Enable connections, better collaboration and alignment of resources;
- Improved visibility;
- Build confidence;
- Celebrate hero stories;
- Improve performance measurement;
- Remove barriers;
- Strengthen capability of investors and influencers

44. Work is being done to:

- Raise the profile and improve the attractiveness of the ecosystem to founders locally, nationally and internationally;
- Introduce investors to the Dunedin ecosystem locally, nationally and internationally;
- Provide tools and support to start ups, tracking, and monitoring the ecosystem.

### CODE's network of engaged stakeholders

45. To date, numerous stakeholders from a diverse range of backgrounds – local, national and international – Commercial Information have contributed their time, energy and ideas to CODE through interviews, meetings and workshops. Their vision for Dunedin and the potential of CODE has been evident through their emotional and intellectual investment into the process.

46. Commercial Information

### New Zealand Game Developers Association

47. The New Zealand Game Developers Association (NZGDA) have been significantly involved in the development of the CODE business case. The advice of the NZGDA on the barriers to growth has aligned with that of local stakeholders on the barriers to growing the computer game development industry. The NZGDA is fully supportive of the CODE business case (refer to NZGDA's letter of support attached to the CODE business case).

**Dunedin City Council**

48. The CODE is supported by the Dunedin City Council, which has approved the submission of this PGF application. The Council has agreed to be the contracting party for the PGF and to govern the establishment of CODE.

Commercial Information

[Redacted]

19. How will your project lift productivity potential in the regions?

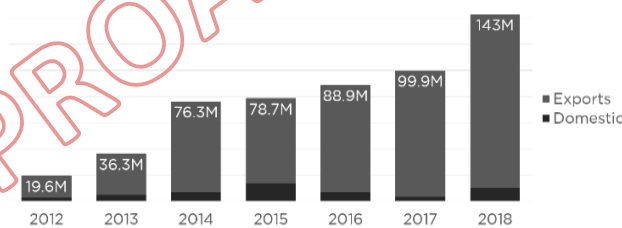
50. The video games industry is high growth, high wage, inherently innovative and creates weightless exports. In 2017, the industry’s global revenue was USD\$121.7 billion. Revenue of USD\$180 billion is projected for 2021.

51. People globally, notably millennials, are increasingly accustomed to interacting with businesses and organisations through custom apps and game-based interfaces. This highlights that beyond the opportunities for growth offered within the video games for entertainment market, are many opportunities associated with gamification (the application of game design or mechanics to non-game contexts) and ‘serious games’ Commercial Information

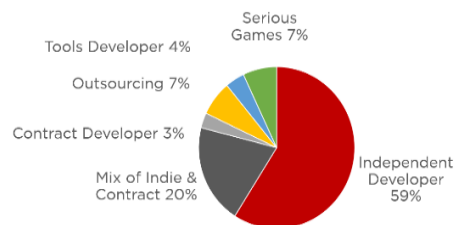
52. The video games industry could be New Zealand’s next creative industry boom. Notably, 93 per cent of revenue from New Zealand-made games (\$143 million in 2018) is from exports. Further, the export revenue from New Zealand-made games has shown consistent growth.

**GROWTH OF NZ GAME EXPORTS 2018**

**\$143M** ANNUAL REVENUE    **93%** EXPORT DRIVEN    **43%** ANNUAL GROWTH



**BUSINESS MODELS**



**MIX OF CREATIVE & HITECH ROLES**

SKILLS SHORTAGES ARE LIMITING GROWTH OF **24%** STUDIOS

53. The New Zealand Game Developers Association (NZGDA) puts productivity at the heart of the success of the New Zealand video game industry. The main business model in the New Zealand industry is studios that develop and export their own original game intellectual property, rather than contracting for publishers or Hollywood studios. This continues to be the most profitable business model, making up 77% of the New Zealand industry’s revenue.

54. Looking at growth trends in creative industries, video game development is one of New Zealand’s fastest growing creative careers - the number of artists and developers employed in the industry rose by 10 per cent in 2018 alone. According to the NZGDA, new video game developers usually earn \$ Commercial Informa to \$ Commercial Informa per year and experienced developers usually earn \$ Commercial Informa to \$ Commercial Informa per year. More jobs in the Dunedin video game development sectors will contribute to lifting the mean annual earnings in Dunedin, which according to Infometrics was \$ Commercial Informa in 2018.

55. While there is a limit to how many tourists Otago can accommodate at one time, and intensive agriculture has scale limits and negative environmental effects, there is no physical limit to the export of software, services and intellectual property from a successful video game. Beyond break-even, each sale of a video game means greater profit and productivity at little to no marginal cost.

PGF Outcome	✓	How will the project positively or negatively impact this outcome in the region(s) identified?
Increase economic output	✓	<p>CODE will increase economic output by increasing exports. 93 per cent of revenue from New Zealand-made games (\$143 million in 2018) is from exports.</p> <p>There is a clear potential for further growth in New Zealand's share of the global game development market according to the NZGDA. Growing exports needs more studios active in game development and selling into global online platforms.</p> <p>CODE will lead to the development of a suite of new studios. Modelling for CODE, using NZGDA's industry data and endorsed by the NZGDA, demonstrates it can create in Dunedin:</p> <ul style="list-style-type: none"> <li>• 30-50 sustainable indie video game studios, each employing on average █ people and generating on average \$ █ revenue per annum;</li> <li>• 3-5 large video game studios, each employing on average █ employees and generating on average \$ █ revenue per annum.</li> </ul> <p>The scale of opportunities for the creative and tech sectors as a result of new technologies is enormous – Artificial Intelligence Data Science, Virtual Reality and Augmented Reality products are expected to be high-value growth markets in games and can also be applied to other sectors. Globally, markets for eSports and games video content are growing.</p>
Enhance utilisation of and/or returns for Māori assets	✓	<p>All CODE's activities will have a focus on encouraging Māori participation. CODE will support the development of new video game studios and jobs, and the governance board will aim to achieve at least 15% participation by Māori in CODE's outcomes. Over CODE's 10-year span, this would mean at least 6 Maori-led indie studios each employing on average █ FTEs (based on current industry averages).</p> <p>While Māori participation overall in ICT industries is currently low (2.5%), video games reflect the cultural values from the country where they have been made. Culture-based games can be a hugely influential way to introduce global audiences to all New Zealand stories, art and people. With video games development being a very accessible industry and one that leverages cultural values, the industry holds strong economic potential for Maori.</p>
Increase productivity and growth	✓	<p>The nature of the video games industry – driven by weightless export revenues and intellectual property development – enables productivity growth. CODE will grow this industry and lift our productivity potential by providing</p>



		<p>interventions validated by the gaming and tertiary sectors and other key stakeholders as addressing key growth and productivity barriers:</p> <ul style="list-style-type: none"> <li>Aligning the supply of talent by investing into skills. As a high-knowledge, high-creativity industry, recruiting and retaining the best talent is fundamental. Continuing talent shortages will have an impact on current and potential growth;</li> <li>Growing the scale and perception of the industry by enabling small-medium firms to enter and succeed in the video games development industry by providing access to funding, knowledge, networks and skills;</li> <li>Strengthening knowledge-diffusion by growing national and international linkages and talent mobility;</li> <li>Providing coordinated leadership to develop the sector and its business dynamism, and to leverage Dunedin's points of difference. Knowledge, networks, strategies, talent, financing and access to markets can all be pooled to shared benefit.</li> </ul>
<p>Increase local employment and wages (in general and for Maori)</p>	<p>✓</p>	<p>By supporting new studio development, CODE expects <sup>Commercial</sup> [redacted] to <sup>Commercial</sup> [redacted] new video game development jobs to be created. For each of these outcomes (studios and employment), the CODE governance board will aim to achieve at least 15% participation by Māori over the 10 years.</p> <p>NZ Tech data (2016) indicates that each new tech job leads to the creation of five new service jobs around it. On this basis, CODE will likely support the creation of <sup>Commercial Info</sup> [redacted] to <sup>Commercial Info</sup> [redacted] new service jobs.</p> <p>NZGDA industry data is that new video game developers usually earn \$ <sup>Commercial Informa</sup> [redacted] to \$ <sup>Commercial Inform</sup> [redacted] per year and experienced game developers usually earn \$ <sup>Com</sup> [redacted] to \$ <sup>Commercial Informa</sup> [redacted] per year.</p>
<p>Increase local employment, education and/or training opportunities for youth (in general and for Māori)</p>	<p>✓</p>	<p>CODE will enable people to access new pathways (and is targeting at least 15% participation by Maori). CODE will invest to:</p> <ul style="list-style-type: none"> <li>Revamp the tertiary education curriculum to ensure students are taught the skills needed by industry;</li> <li>Invest into developing new non-school pathways to the video game development and <sup>Commercial Information</sup> [redacted] sectors;</li> <li>Support new game development funds and competitions that provide a pathway into the games development industry and the start-up ecosystem.</li> </ul>
<p>Improve digital communications, within and/or between regions</p>	<p><input type="checkbox"/></p>	<p>N/A</p>
<p>Improve resilience and sustainability of transport infrastructure,</p>	<p><input type="checkbox"/></p>	<p>N/A</p>



within and/or between regions		
Contribute to mitigating or adapting to climate change	✓	Developing digital exports is a strategic imperative as New Zealand seeks to mitigate the potential economic and environmental effects of climate change. In contrast to primary sector exports, digital exports (such as video games) are 'weightless' and scalable with minimal environmental impacts – including carbon emissions.
Increase the sustainable use of and benefit from natural assets	✓	Otago's outstanding natural landscape and its ease of accessibility has recently caught the attention of a large international game development firm that is looking to have a presence in Dunedin. Natural landscapes are used as a key feature in video game productions and are useful in relating game narratives to audiences and supporting game differentiation. There is potential for other game development companies to be attracted to Dunedin and Otago's attractive and diverse landscapes.
Enhance wellbeing, within and/or between regions	✓	<p>New Zealanders of all ages and diverse backgrounds regularly play video games. For some, such as seniors, gaming offers mental stimulation, for others it supports physical exercise or rehabilitation, while for many it is a social activity done with friends online and in person.</p> <p><b>Commercial Information</b></p> <p>[REDACTED]</p> <p><b>Commercial Information</b></p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>Video game development can also enhance social and cultural wellbeing. For example, there is much potential for Maori game developers to integrate Maori culture, language and storytelling into games.</p>
Total number of outcomes project contributes to	8/10	

20. Has public consultation been conducted? Yes:  No:

If yes, what were the results?

56. Prior to CODE's Business Case development, a comprehensive stakeholder engagement plan was developed to ensure the relevant people were engaged at the right time and in the most inclusive way.

57. As part of CODE's Business Case development process, during July and August 2018, 30 stakeholders were interviewed to gain initial insights into the case for change. These interviews were followed by a workshop with key stakeholders in September 2018 to gain a better understanding of investment drivers and the scope of change required. A second stakeholder workshop was held in October 2018 to agree the key problems to be addressed by investing in change.

58. Appendix B of the attached Business Case outlines who engaged on the Business Case, what they do, when and how they engaged (interview, workshop, steering group). At the scope workshop, stakeholders identified five key areas of functionality:

- Building capacity and capability: It was noted that current tertiary graduates are ill-prepared for the industry;
- Talent development: There is a need to provide a spectrum of pathways that can support diversity, talent development and inclusivity;
- Early stage development: Enabling this was seen as a key aspect of scope if CODE was to create economic growth in Dunedin; and
- Ecosystem development: That CODE had a key role in being, or creating, a collaborative network and environment that aligned, connected and supported pathways; and that
- CODE could build on Dunedin's current strengths to both build Dunedin's global appeal and support the creation of critical mass.

59. Stakeholders identified a long list of options for providing the potential scope of CODE at their facilitated workshop on 18 October. A short list of three options was validated at a workshop with a group of key stakeholders on 23 November. The short-listed options were subject to an economic analysis and presented to the CODE Steering Group with a recommendation on the preferred way forward. The CODE Steering Group reviewed and validated the short-listed options and the preferred way forward at its meeting on 30 January 2019.

60. In late October-early November 2018, representatives of Enterprise Dunedin met with computer game developers, academics and start-up funders in:

- Commercial Information

█ [Redacted]

█ [Redacted]

61. Commercial Information

[Redacted]

[Redacted]

62. On 26 February 2019, the draft Business Case for CODE was presented to Dunedin stakeholders. The stakeholders were pleased with the design of CODE and strongly positive about the opportunity for the city.

21. Has any customer demand analysis been undertaken? Yes:  No:   
 If yes, please provide a description of the analysis and its outcomes:

63. The Business Case details the market data surveyed in establishing the strategic case for CODE. The following is an excerpt from the business case.

64. New Zealand video game development studios are accessing, and succeeding in, a huge international market. The New Zealand computer game development industry is growing strongly. In 2012, the industry earned just \$19.6m in revenue. In 2018, in a continuation of the industry's multi-year growth trend, the revenue of the New Zealand game development studios totalled \$143m and had grown 43% in that one year. In 2018, 93% of the industry's revenue was export driven.

65. According to the New Zealand Game Developers Association, there is a clear potential for further growth in New Zealand's share of the global game development market. "Interactive entertainment is the combination of two of New Zealand's most successful exports – creativity and code. Since we're competing in a global market New Zealand should have significantly more large studios. Our potential isn't limited by New Zealand's size." - New Zealand Game Developers Association Chairperson, Michael Vermeulen.

66. According to industry analysts Newzoo, as this published chart shows, the global computer games industry was worth USD\$121.7 billion in 2017 and it is projected to be worth USD\$180 billion in 2021.



67. In the majority of markets, computer game software revenues exceed film box office and 'home video' or 'video on demand' / streamed TV revenues. In terms of growth, FutureScope anticipates both gaming and music will achieve a compound annual growth rate (CAGR) of 7% over the next five years, whereas video is expected to achieve 2%.

68. The video games market is expected to grow for many years as the age of the population that plays games increases each year. Peak penetration, where as many gamers are passing away as are entering the market as children, has not been reached. Research into the age range of gaming shows that, on average, market penetration is relatively consistent, with a drop in active adult players around the intensive child-rearing years. It is possible that the situation may soon be reached where gamers over 65 years are one of the most active market segments.

69. In 2018, there were 41 New Zealand game development studios that were members of the New Zealand Game Developers Association. Of these local studios, a significant proportion (59%) describe themselves as 'independent self-publishers', while 20% mix contracting with developing their own original intellectual property.

70. New Zealand studios focus on developing and exporting their own original game intellectual property rather than contracting for publishers or bigger studios, as this is the most profitable business model, making up 77% of the industry's revenue – an increase on previous years. However, it requires more initial development and marketing investment, which is lacking in the New Zealand ecosystem.
71. The New Zealand video game development industry is optimistic about further growth. This optimism is reinforced by local game studios having announced further successes in the latter part of 2018. Bloons Tower Defence 6, by West Auckland-based Ninja Kiwi, became the number one paid app in the world, ranking above Minecraft on both the Apple and Android app stores when it launched in June 2018. In addition, local studio Grinding Gear Games was acquired by the world's largest games publisher, Tencent, for over \$100m – one of the largest tech exits in New Zealand history. Tencent also has a 25% stake in Dunedin-based video game development company Rocketwerkz.
72. Dunedin has many tertiary students across the University of Otago and the Otago Polytechnic who aspire to get jobs in the computer game development industry, but don't have the right study options open to them to get employment or to further their own interests in computer game development. These students populate local 'gamedev' meetups and 'game jam' events. A subset of these students enrol into the University of Otago's summer school Computer Game Design paper, which in 2018 attracted 28 enrolments.
73. Digital Technology is also a growing secondary school subject area, and one that the Government is investing heavily into to ensure New Zealand students can be digital thinkers and creators. Government is investing into a new curriculum for years 1-10, teacher professional development, and an equity fund to give less-advantaged students better access to digital tools, skills and knowledge.
74. Game creation is a key part of the secondary school digital technology curriculum and it motivates students to tackle both "STEM" subjects and art and design at secondary level.
75. **Commercial Information**  
 [Redacted text]

22. Where the project utilises land, does the land have any other interests associated with it? (i.e. Treaty claims, or iwi/hapū ownership)  
 Yes:  No:

Not Applicable, no land is utilised

23. Is the land is owned by others, i.e. not solely by the applicant?  
 Yes:  No:

Not Applicable, no land is utilised

24. Does the land have appropriate Resource Management Act consents?  
 Yes:  No:

Not Applicable, no land is utilised

## Part C: Project Delivery

25. Please provide an overview of the project management approach / plan for this activity.

76. A <sup>Commercial Information</sup> CODE establishment phase is proposed. Assuming investor approval in <sup>Commercial Information</sup>, the establishment period will continue until <sup>Commercial Information</sup>. Subject to project approval by the PFG, the Director of Enterprise Dunedin will become the project sponsor and senior responsible owner. The project sponsor will:

- Oversee the project and delegate authority to the Project Director;
- Approve the overall plan, schedule, and budget; verify project progress against its plan;
- Approve significant changes to project scope, timeline, budget, or quality parameters;
- Ensure the CODE project is aligned with its Business Case and compliant with Council policy;
- Maintain project focus on its goal and outcomes;
- Monitor the effectiveness of the Project Director;
- Approve final deliverables;
- Remove any roadblocks to project success;
- Communicate the project within the agency and to external stakeholders.

77. The Economic Development Programme Manager of Enterprise Dunedin will become the CODE Project Director, responsible to the project sponsor for the following:

- Accountable for the quality and timeliness of delivery across the project;
- Attend all Steering Committee meetings to report progress, engage with Council Committees in managing strategic issues and risks, and support decision-making;
- Support the integration of all elements of the project;
- Ensure the project has the technical expertise and experience in its project officers and consultants, as required, to complete project work;
- Monitor the effectiveness of project officers and consultants;
- Chair regular management team meetings with project officers;
- Use organisational knowledge and stakeholder relationships to manage issues and risks and drive progress.

78. The Project will adopt DCC's standard approach to project management, including the DCC risk management framework and ISO 31000: 2018 Risk management – Guidelines.

26. Have you had independent verification of the project approach / plan?

Yes:  No:

If yes, who verified the project and when?

79. The project approach/plan has been verified by the CODE Steering Group and the Dunedin City Council in signing off on the CODE Business Case.

27. Please provide us with a project plan, where possible please attach a schedule (i.e. Gantt chart):

80. The following table describes key milestones of the project for the first 180 days establishment period

Milestone Activity	Milestone Date	Approving Authority
Business Case/PFG application submitted	Commercial Information	Dunedin City Council
Develop service specifications for CODE project resources	Commercial Information	Dunedin City Council
Agree in principle CODE Governance Body	Commercial Information	Dunedin City Council, following consultation with and endorsement by the CODE Steering Group and Grow Dunedin Partners (GDP)
Business Case/PFG application approval	Commercial Information	Government
<b>Confirm Legal structure for CODE</b>	Commercial Information	<b>Dunedin City Council in consultation with GDP</b>
Appoint CODE project resources and CODE Governance Body	Commercial Information	Dunedin City Council
Commission work on CODE brand and website	Commercial Information	Dunedin City Council
PGF Contract documentation	Commercial Information	Dunedin City Council
Agree service specifications with University of Otago and Otago Polytechnic on new curriculum	Commercial Information	Dunedin City Council with CODE Governance Body
Confirm CODE office arrangements	Commercial Information	Dunedin City Council
Go live with CODE brand and website	Commercial Information	Dunedin City Council
Develop and issue RFP for procurement of third-party suppliers	Commercial Information	Dunedin City Council
Recruit CODE personnel	Commercial Information	Dunedin City Council in consultation with CODE Governance Body
Evaluate and shortlist 3rd party RFP respondents, includes clarifications, specification and due diligence	Commercial Information	CODE Governance Body
Completion of preferred partners and contract award process	Commercial Information	Dunedin City Council in consultation with CODE Governance Body

28. Please provide a complete breakdown of the costs of the project to assist us in understanding where the funds will be utilised:

81. CODE's estimated cost is \$ [Commercial Information] over the years [Commercial Information]. This cost is comprised of \$ [Commercial Information] in one-off establishment and curriculum design costs, and \$ [Commercial Information] in ongoing operational costs. These estimates are in real dollars.

82. Cost estimates were developed by the CODE working group in consultation with key stakeholders - including the University of Otago, the [Commercial Information], DCC, and representatives of the Dunedin video game development community. The 23 November 2018 workshop further tested and refined the estimates.

**One-off costs**

83. The estimated one-off operational expenditure is \$ [Commercial Information] as set out in the following table.

Item	[Commercial Information]	[Commercial Information]	[Commercial Information]	[Commercial Information]	Total
Curriculum design cost (to develop tertiary education programmes that provide skills needed by industry)	-\$ [Com]	-\$ [Commercial Informa]	-\$ [Commercial Informa]	-\$ [Commercial Informa]	\$ [Commercial Informa]
CODE establishment costs	-\$ [Commercial Information]	[Commercial Informa]	-\$ [Com]	-\$ [Com]	\$ [Commercial Informa]
[Commercial Information]	-\$ [Com]	-\$ [Commercial Informa]	-\$ [Com]	-\$ [Com]	-\$ [Commercial Informa]
<b>Total estimated one-off operational costs</b>	-\$ [Commercial Informa]	-\$ [Commercial Informa]	[Commercial Informa]	-\$ [Commercial Informa]	\$ [Commercial Informa]

**Ongoing operational costs**

84. The following table provides a breakdown of CODE's proposed annual operating expenditure against each investment objective in a full year of operation (once CODE has been fully established). At least [Comme] % of operating budgets for initiatives that align the supply of talent to industry needs and lift industry and scale and perception will be ringfenced for Māori. It is expected that the same commitment will be extended to potential [Commercial Information] initiatives.

Investment Objective	Item	Per annum expenditure
<b>Align talent to industry needs</b>	Annual industry /education curriculum development meetings	\$ [Commercial Info]
	International fellows (public/private) and mentors	-\$ [Commercial Informa]
	Contestable funding to support new pathways	-\$ [Commercial Informa]
	Incentives to attract talent	-\$ [Commercial Informa]
	Incentives to retain talent	-\$ [Commercial Informa]
<b>Lift industry scale and perception</b>	Inbound national and international mentors, speakers and investors	\$ [Commercial Informa]
	[Commercial Information]	\$ [Commercial Informa]
	[Commercial Information]	-\$ [Commercial Informa]
	[Commercial Information]	-\$ [Commercial Informa]



	Communications and brand	\$ Commercial Info
<b>Leadership</b>	CODE Governance	\$ Commercial Info
	CODE Personnel - Commercial Inform	\$ Commercial Inform
	CODE Personnel - Commercial Informa	\$ Commercial Inform
	Office costs	\$ Commercial Info
	Commercial Information	Commercial Information
<b>Preferred Option: per annum operational cost</b>		\$ Commercial Information

Note:

- A budget spreadsheet is attached to this application, which shows the phasing of expenditure through the CODE establishment, operational and conclusion phase.
- No allowance is included in these costings for Dunedin City Council staff time.
- CODE has to date received \$ Commercial Inform in PGF funding and \$ Commercial Informa from the Commercial Information to develop a Business Case and this PGF application.

29. What are the proposed deliverables if funding is approved?

84. The following table outlines the proposed draw-down and associated milestones for the PGF funding:

**PGF funding drawdown**

#	Description	Payment criteria:	Invoice Value \$ (Exc. GST)	Invoice Date:
1	Initiation payment	On signature of the funding agreement	\$ Commercial Information	Commercial Information
2	Establishment of CODE legal entity	Completion of the legal entity phase demonstrated by: <ul style="list-style-type: none"> <li>o Establishment of a legal structure</li> <li>o Appointment of directors</li> <li>o Transfer of responsibility from DCC to legal entity</li> </ul>	\$ Commercial Information	Commercial Information
3	Completion of third-party procurement	Completion of the delivery party network for CODE	\$ Commercial Information	Commercial Information
4	Commercial Information	Commercial Information	\$ Commercial Information	Commercial Information
5	Completion of first year of operation	On provision of first annual report and annual plan	\$ Commercial Information	Commercial Information

30. Please provide a description of why Government funding is required to deliver this project?

85. CODE delivers upon a Manifesto commitment that explicitly provides Government funding for the public purpose of promoting regional economic growth.

86. The Manifesto commitment for CODE has an explicit focus on providing grants to build the capacity of individuals and entities to create innovations, earnings and jobs in the video game development sector in Dunedin. It is Commercial Information

87. The long-term duration of the CODE (10 years) further supports the rationale for grant funding. This will support CODE's ability to establish advantageous partnerships with the local, national and international entities that have expressed interest in forming a relationship with CODE to support the delivery of its purpose. To these ends it is important that CODE can be assured of certainty and stability in its funding, which will not be achievable through other funding sources given the public and non-profit nature of the proposed CODE and the services it will offer.

31. Please provide an overview of the applicant's relevant skills and experience for delivering a project of this nature:

88. The Dunedin City Council (DCC) will be the Project Sponsor for the CODE establishment project. The DCC is a substantial entity that is constantly engaged in managing projects. For example, the Dunedin City 2018-28 10-year plan outlines a budget of \$ Commercial Information for capital projects.

89. The project will be managed using the DCC's project management methodology. At the time of writing, the DCC is establishing a dedicated Project Management Office and an ability to engage qualified project managers as and when required to drive the delivery of projects.

90. A recent independent assessment by CouncilMARK (a Local Government New Zealand initiative) assessed the DCC as an "A" across governance, financial, service delivery and communications measures. Of the 24 councils CouncilMARK has ranked so far, the DCC is ranked in the top six.

32. Please explain the Governance arrangements for this project:

91. The DCC will continue to act as the accountable body for CODE during the establishment phase. Subject to project approval by the PFG, the DCC will appoint resources funded through costs included in the business case to manage the establishment process. This process will be supported by the DCC's project, legal and other resources.

92. During the establishment phase, regular report-backs and updates will be provided to the DCC's Economic Development Committee. Reporting will be based on accepted project management methodology (for example, PRINCE2) and is likely to include:

- Overall project status – timeline, budget, and scope;
- Progress update;
- Cost overview;
- Project look ahead – general two-month view;
- Key project risks – risk, mitigation and status;
- Cost control – against budget.

93. The DCC will report regularly to the PDU through Establishment milestone reports. Subject to agreement with the PDU on the timing and content of reporting, it is proposed that CODE establishment milestone reports be provided to the PDU as follows:

- Commercial Information

[REDACTED]

[REDACTED]

94. Each establishment milestone report will include the following information:

- Progress against, and the competition of, establishment activities;
- Breakdown of expenditure funded by the PGF, in whole or in part;
- Revenue and expenditure against budget, actual and forecast;
- Project look ahead – general two-month view;
- Key project risks – risk, mitigation and status.

95. The DCC will initially be responsible for the milestone reports, but this responsibility will transfer to the CODE governance structure once it is established and operational.

96. After the Commercial Information milestone report, CODE's reporting will evolve to annual Commercial Information performance reports. In these reports the CODE governance body will describe and demonstrate how it is ensuring that CODE is being delivered in-line with its strategic intent and how CODE is achieving expected outcomes against its investment objectives.

Commercial Information

[REDACTED]

98. Substantial engagement with external experts will be central to the establishment of Commercial Information, University of Otago and video games developers.

33. What procurement process has been undertaken (i.e. selection of a provider), or will be undertaken, and how will that be managed?

99. As the accountable body for CODE during the establishment period, the Dunedin City Council (DCC) will procure a range of services to create a fit-for-purpose, operationally-ready entity between Commercial Information. This establishment period will include:

- Establishing a CODE governance structure;
- Engaging resources to lead the establishment period between Ju Commercial Information
- Selecting and employing CODE personnel and the provision of appropriate office space.

100. The following three milestones will be achieved by Commercial Information:

- Developing, in partnership with the University of Otago and Otago Polytechnic, a revised curriculum that can deliver skills the computer game development industry needs;
- Supporting, through a mix of third party contracted services and in-house management services, a range of initiatives, contestable funds and targeted grants;
- Commercial Information

101. The DCC has the capability and resources to manage the establishment phase procurement process effectively. The DCC will confirm the engagement of a consultant team to lead the implementation of CODE, pending approval of this PGF application. The DCC will also confirm the selection of qualified directors to CODE's governance entity. All activities involving procurement will have procurement strategies that are consistent with DCC policies and processes.

**Services to be provided/procured**

102. The table below sets out a potential commercial allocation of services between CODE (as an entity) partners (e.g. tertiary and industry) and service providers. The potential service allocation will be further developed during the establishment phase.

What gets delivered by CODE	What gets delivered by CODE partners
Annual industry/education curriculum development meeting	Curriculum design and delivery
Communications and branding	Contestable fund to support new pathways
International connections - speakers, mentors and investors	Grants to support employment search for partners
"Commercial Information" Dunedin competition	Visiting Chair/International visiting fellows
Packages to support attraction of overseas and Māori candidates	Dunedin game technology and Scale Up grants
	Commercial Information

103. There are local, national and global market partners able and willing to support CODE. This was confirmed during the development of CODE's Business Case.

104. The University of Otago and Otago Polytechnic are committed to designing and delivering CODE's curriculum and leading innovative research activities. These providers have been involved in the design and development of CODE through the workshops and Steering Group. The physical location of the CODE management team will be considered as part of the establishment phase through a procurement process. Commercial Information

**Contract Terms and Payment Approach**

105. Contract terms for service level agreements will follow the DCC procurement policies and processes, as will payment approaches.

34. What risks are associated with the delivery of this activity?

106. The CODE Business Case has a detailed initial assessment of key risks associated with achieving the investment objectives. As this project progresses, formal processes (using the DCC's risk management framework and ISO 31000: 2018 Risk management – Guidelines) will be used to identify and manage risks. The table is included below:

Risk No.	Risk Description	Likelihood [almost certain, likely, possible, unlikely rare]	Consequence [minor, moderate, significant, major severe]	Score
<b>Strategic</b>				
1	Funding partners do not support the project	Commercial Info	Commercial Information	Commercial Info
2	Project not supported by major delivery partners	Commercial Info	Commercial Information	Commercial Info
3	Learning outcomes are not improved	Commercial Info	Commercial Information	Commercial Info
4	Anticipated increase in independent gaming studios not realised	Commercial Info	Commercial Information	Commercial Info
5	Community perception is not improved, or decreases	Commercial Info	Commercial Information	Commercial Info
<b>Project</b>				
7	Establishment period takes longer than anticipated	Commercial Info	Commercial Information	Commercial Info
8	Establishment costs are higher than expected	Commercial Info	Commercial Information	Commercial Info
9	Global experts and talent not attracted to CODE	Commercial Info	Commercial Information	Commercial Info
<b>Operational</b>				
10	Diversity is not improved or decreases	Commercial Info	Commercial Information	Commercial Info
11	Service demand is higher than expected	Commercial Info	Commercial Information	Commercial Info
12	Staff talent and retention costs are higher than expected	Commercial Info	Commercial Information	Commercial Info
13	Under performance by service delivery partners	Commercial Info	Commercial Information	Commercial Info
14	Agreements with service delivery partners do not sufficiently manage risks to CODE objectives	Commercial Info	Commercial Information	Commercial Info

35. Will the applicant own the asset on delivery? Yes:  No:

If no, please describe who will own the asset.

107. There are no capital assets associated with CODE. CODE will not attempt to seek ownership of intellectual property generated as result of grants, as this would become a barrier to further investment in the wider CODE ecosystem and indie companies.

36. When the project is delivered, what is the plan to operationalise the asset (if an asset), and maintain it through life?

108. CODE is a set of initiatives, led by its own governance entity and management team, that will run over a long term Commercial Information. CODE will not produce an asset. The objective of CODE is to promote a transformative development of the Dunedin video game development and Commercial Information

109. It is likely that CODE as an entity will be wound up at the end of its term Commercial Information

37. What will the impact be on the applicant's financial accounts?

110. CODE, and the project funding, will not have a material impact on the DCC's financial accounts. The DCC will have a financial relationship with CODE through:

- (1) Being the entity responsible for the PGF funds through to the establishment of a separate legal structure for CODE. At that point responsibility for the PGF funds, and the financial administration of CODE, will transfer from the DCC to the CODE legal entity.
- (2) Making a proposed funding contribution to the operations of CODE (defined at \$ <sup>Commercial Informa</sup> [REDACTED])

111. The DCC's audited financial accounts are available at:

<https://www.dunedin.govt.nz/your-council/council-documents/policies/annual-reports/annual-report/annual-report-2017-18>

PROACTIVELY RELEASED

## Part D: Declarations

38. Has this activity ever been declined Crown Funding in the past? Yes:  No:
39. Is the applicant or the contracting entity insolvent or subject to any insolvency action, administration or other legal proceedings? Yes:  No:
40. The contracting entity is compliant and will continue to comply with all applicable laws, regulations, rules and professional codes of conduct or practice including but not limited to health and safety and employment practices Yes:  No:
41. Is any individual involved in the application, the proposed contracting entity or the project, an undischarged bankrupt? Yes:  No:
42. Is any individual under investigation for, or has any individual been convicted of, any offence that has a bearing on the operation of the project? Yes:  No:
43. Are there any actual, potential or perceived conflicts of interest that the applicant or any of the key personnel have in relation to this project. Yes:  No:
- "In a small country like ours, conflicts of interest in our working lives are natural and unavoidable. The existence of a conflict of interest does not necessarily mean that someone has done something wrong, and it need not cause problems. It just needs to be identified and managed carefully..."
- <https://www.oag.govt.nz/2007/conflicts-public-entities>

If you answered "Yes" to any of the above, please provide a description below:

Dunedin City Council will comply with all relevant and applicable laws, regulations, rules and professional codes of conduct or practice

By completing the details below, the applicant makes the following declaration about its application for Provincial Growth Fund funding for the project ("application"):

- I have read, understand and agree to the Terms and Conditions of applying for Provincial Growth Fund funding which are attached as Appendix 1;
- The statements in the application are true and the information provided is complete and correct, and there have been no misleading statements or omissions of any relevant facts nor any misrepresentations made;
- I have secured all appropriate authorisations to submit the application, to make the statements and to provide the information in the application;
- I consent to this application being publicly released if funding is approved. I have identified the commercially sensitive and personal information.



The applicant warrants that it has no actual, potential or perceived conflict of interest (except any already declared in the application) in submitting the application, or entering into a contract to carry out the project. Where a conflict of interest arises during the application or assessment process, the applicant will report it immediately to the Provincial Development Unit by emailing [PGF@mbie.govt.nz](mailto:PGF@mbie.govt.nz); and

I understand that the falsification of information, supplying misleading information, or the suppression of material information in this application, may result in the application being eliminated from the assessment process and may be grounds for termination of any contract awarded as a result of this application process.

<b>Full name:</b>	
<b>Title / position:</b>	
<b>Signature:</b>	<b>Date:</b>
.....	

PROACTIVELY RELEASED

## **Appendix 1 – Terms and Conditions of this Application**

### **General**

The terms and conditions are non-negotiable and do not require a response. Each applicant that submits a request for Provincial Growth Fund ("PGF") funding (each an "application") has confirmed by their signature on the application that these terms and conditions are accepted without reservation or variation.

The Provincial Growth Fund is a government initiative which is administered by the Provincial Development Unit, a unit within the Ministry of Business, Innovation and Employment. Any reference to the Provincial Development Unit in these terms and conditions, is a reference to MBIE on behalf of the Crown.

### **Reliance by Provincial Development Unit**

The Provincial Development Unit may rely upon all statements made by any applicant in an application and in correspondence or negotiations with the Provincial Development Unit or its representatives. If an application is approved for funding, any such statements may be included in the contract.

Each applicant must ensure all information provided to the Provincial Development Unit is complete and accurate. The Provincial Development Unit is under no obligation to check any application for errors, omissions, or inaccuracies. Each applicant will notify the Provincial Development Unit promptly upon becoming aware of any errors, omissions, or inaccuracies in its application or in any additional information provided by the applicant.

### **Ownership and intellectual property**

Ownership of the intellectual property rights in an application does not pass to the Provincial Development Unit. However, in submitting an application, each applicant grants the Provincial Development Unit a non-exclusive, transferable, perpetual licence to use and disclose its application for the purpose of assessing and decision making related to the PGF application process. Any hard copy application or documentation supplied by you to the Provincial Development Unit may not be returned to you.

By submitting an application, each applicant warrants that the provision of that information to the Provincial Development Unit, and the use of it by the Provincial Development Unit for the evaluation of the application and for any resulting negotiation, will not breach any third-party intellectual property rights.

### **Confidentiality**

The Provincial Development Unit is bound by the Official Information Act 1982 ("OIA"), the Privacy Act 1993, parliamentary and constitutional convention and any other obligations imposed by law. While the Provincial Development Unit intends to treat information in applications as confidential to ensure fairness for applicants during the assessment and decision making process, the information can be requested by third parties and the Provincial Development Unit must provide that information if required by law. If the Provincial Development Unit receives an OIA request that relates to information in this application, where possible, the Provincial Development Unit will consult with you and may ask you to confirm whether the information is considered by you to be confidential or still commercially sensitive, and if so, to explain why.

The Provincial Development Unit may disclose any application and any related documents or information provided by the applicant, to any person who is directly involved in the PGF application and assessment process on its behalf including the Independent Advisory Panel ("IAP"), officers, employees, consultants, contractors and professional advisors of the Provincial Development Unit or of any government agency. The disclosed information will only be used for the purpose of participating in the PGF application and assessment process, which will include carrying out due diligence. If an application is approved for funding, information provided in the application and any related documents may be used for the purpose of contracting.

In the interests of public transparency, if an application is approved for funding, the application (and any related documents) may be published by the Provincial Development Unit. Commercially sensitive and personal information will be redacted by reference to the provisions of the Official Information Act 1982.

### **Limitation of Advice**

Any advice given by the Provincial Development Unit, any other government agency, their officers, employees, advisers, other representatives, or the IAP about the content of your application does not commit the decision maker (it may be Senior Regional Officials, Ministers or Cabinet depending on the level of funding requested and the nature of the project) to make a decision about your application.

This limitation includes individual members of the IAP. The IAP's recommendations and advice are made by the IAP in its formal sessions and any views expressed by individual members of the IAP outside of these do not commit the IAP to make any recommendation.

### **No contractual obligations created**

No contract or other legal obligations arise between the Provincial Development Unit and any applicant out of, or in relation to, the application and assessment process, until a formal written contract (if any) is signed by both the Provincial Development Unit and a successful applicant.

### **No process contract**

The PGF application and assessment process does not legally oblige or otherwise commit the Provincial Development Unit to proceed with that process or to assess any particular applicant's application or enter into any negotiations or contractual arrangements with any applicant. For the avoidance of doubt, this application and assessment process does not give rise to a process contract.

### **Costs and expenses**

The Provincial Development Unit is not responsible for any costs or expenses incurred by you in the preparation of an application.

### **Exclusion of liability**

Neither the Provincial Development Unit or any other government agency, nor their officers, employees, advisers or other representatives, nor the IAP or its members will be liable (in contract or tort, including negligence or otherwise) for any direct or indirect damage, expense, loss or cost (including legal costs) incurred or suffered by any applicant, its affiliates or other person in connection with this application and assessment process, including without limitation:

- a) the assessment process
- b) the preparation of any application
- c) any investigations of or by any applicant
- d) concluding any contract
- e) the acceptance or rejection of any application, or
- f) any information given or not given to any applicant(s).

By participating in this application and assessment process, each applicant waives any rights that it may have to make any claim against the Provincial Development Unit. To the extent that legal relations between the Provincial Development Unit and any applicant cannot be excluded as a matter of law, the liability of the Provincial Development Unit is limited to \$1.

Nothing contained or implied in or arising out of the PGF documentation or any other communications to any applicant shall be construed as legal, financial, or other advice of any kind.

### **Inducements**

You must not directly or indirectly provide any form of inducement or reward to any IAP member, officer, employee, advisor, or other representative of the Provincial Development Unit or any other government agency in connection with this application and assessment process.

### **Governing law and jurisdiction**

The PGF application and assessment process will be construed according to, and governed by, New Zealand law and you agree to submit to the exclusive jurisdiction of New Zealand courts in any dispute concerning your application.

**Public statements**

The Provincial Development Unit and any other government agency, or any relevant Minister, may make public in whole or in part this application form including the following information:

- the name of the applicant(s)
- the application title
- a high-level description of the proposed project/activity
- the total amount of funding and the period of time for which funding has been approved
- the region and/or sector to which the project relates

The Provincial Development Unit asks applicants not to release any media statement or other information relating to the submission or approval of any application to any public medium without prior agreement of the Provincial Development Unit.

PROACTIVELY RELEASED

## **Appendix 2 - Operational criteria for all tiers of the Fund**

### **Link to Fund and government outcomes**

- Demonstrate the ways in which the project will contribute to lifting the productivity potential of the region
- Demonstrate how the project contributes to the Fund's objectives of:
  - more permanent jobs
  - benefits to the community and different groups in the community
  - increased utilisation and returns for Māori from their asset base (where applicable)
  - sustainability of natural assets (e.g. water, soil integrity, the health and ecological functioning of natural habitats)
  - mitigating or adapting to climate change effects, including transitioning to a low emissions economy
- Clear evidence of public benefits (i.e. benefits other than increased profitability for the applicant)
- Are in a Government priority region or sector

### **Additionality**

- Project is not already underway, does not involve maintenance of core infrastructure or assets (except for rail and transport resilience initiatives), and does not cover activities the applicant is already funded for (funding could be considered to increase the scale of existing projects or re-start stalled projects)
- Demonstrated benefit of central Government investment or support
- Detail of any supporting third party funding (and any funding sought unsuccessfully)
- Acts as a catalyst to unlock a region's productivity potential
- Demonstrated links to other tiers of the Fund and related projects, to maximise value of Government investment

### **Connected to regional stakeholders and frameworks**

- Evidence of relevant regional and local support, either through existing regional development mechanisms, or through another relevant body such as a council, iwi or other representative group (or reasons for any lack of local support)
- Has been raised and discussed with the region's economic development governance group
- Alignment with, or support for the outcomes of, any relevant regional development plan, Māori development strategy or similar document (whether regional or national)
- Demonstrated improvement in regional connectedness (within and between regions)
- Leverage credible local and community input, funding, commercial and non-commercial partners
- Utilise existing local, regional or iwi/Māori governance mechanisms

### **Governance, risk management and project execution**

- Evidence of robust project governance, risk identification/management and decision-making systems and an implementation plan appropriate to the size, scale and nature of the project
- Future ownership options for capital projects, including responsibility for maintenance, further development, and other relevant matters
- Benefits and risks clearly identified and quantified, depending on the scale of the initiative
- Evidence of potential exit gates and stop/go points, and a clear exit strategy
- Clearly identifies whole of life costs (capital and operating)
- Dependencies with other related projects are identified
- Evidence of sustainability after conclusion of PGF funding
- Adequacy of asset management capability (for capital projects)
- Compliance with international obligations (where relevant)