



MEMO

TO Chief Executives Group
FROM Melanie Thornton
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Grow Wellington Statement of Intent 2011/2012

Grow Wellington has submitted its draft Statement of Intent for 2011-2012, which includes the Creative HQ Statement of Intent.

In previous years there has not been adequate time to provide analysis and comment on this document. Last year the WRS Committee indicated its intention to be more involved in the focus of Grow Wellington's work and therefore SORT has had sufficient time to consider the draft SOI and has compiled the following comments.

The Chief Executives will need to consider whether to submit a report to the WRS Committee based on this information.

1. General comments

This Statement of Intent follows along the lines of previous Statements of Intent and summarises the overall focus of Grow Wellington's work. There are many areas that indicate significant progress is being made and where on-going work will generate more results.

However, it is sometimes hard to see the link between the inputs, outputs and outcomes in many areas of the Statement of Intent. The measures are, in most instances, output-focussed and not outcome-focussed. There are few measures that relate to the overall value and scale of activities. It is difficult to see what value has been added from doing these activities. This is particularly important for activities where there has been a large amount of work and effort.

The Statement of Intent has a number of activities and measures that are at a level more suited to a business plan.

It would be valuable to be able to see the budget allocated for each area of activity, eg Centres of Excellence, and to identify the level of external revenue allocated to those areas where appropriate.

By this stage of Grow Wellington's activities, it is concerning that many of the activities involve the generation of more plans rather than clear activities with clear measures.

It is difficult to see continuity and focus of activity from year to year in many areas. Where there is a fundamental change in direction from last year's Statement of Intent, this needs to be clearly articulated. For example in the SOI 2010/11 for the year 2011/12 the activity was : "Projects facilitated with Hutt, Porirua hospitals; International alliances established with Oxford Deaneries and Mayo Clinic". In the SOI 2011/12 for year 2011/12 the comparable activity is: "Secure commercialisation space for the Health Education and Research Collaborative Centre (HERCC). Employ HERC Centre Manager; Recruit businesses to the HERCC."

It is difficult to determine in some instances whether Grow Wellington is actually the delivery arm of certain projects. This is particularly where their role is to assist with projects that are clearly being driven by other organisations. For example on page 12 the activity is "Assist development of irrigation project. Support Wairarapa Regional Irrigation Trust (WRIT) and connection with GWRC". The Statement of Intent is unclear exactly what Grow Wellington's role is.

On page 5 Grow Wellington states its intention to "broaden revenue streams in line with the Wellington Regional Strategy". However, this doesn't seem compatible with the revenue projections. It is assumed that the jump in 2011/12 revenue is actually through the delivery of the already established NZTE business support programme. The Statement of Intent is unclear on this.

The Statement of Intent does not appear to indicate any programme of work for Grow Wellington with regard to identifying and analysing future economic trends in the region. It is important that Grow Wellington, as the region's economic development agency, is able to provide and respond to robust information and analysis on future challenges and opportunities, to inform their own project work and that of their regional partners. This issue could alternatively be addressed in the context of the WRS review (i.e. what role/s should Grow Wellington have within economic development).

Grow Wellington, through the WRS, works to achieve the economic development objectives of a wide range of stakeholders, including the councils that make up the region. The Statement of Intent should indicate and prioritise the types of collaborations and partnerships that need to be actively pursued as part of Grow Wellington's operational work. This would assist in aligning the efforts of Grow Wellington and constituent councils. Examples include the role played by sister city relationships in future export-led economic development (which in Asia are driven by the Office of the Mayor); the areas of ICT and Digital business, where Wellington City Council would like to partner with Grow Wellington's efforts over 2011/12 as part of our Wellington 2040 plan; and efforts to develop green technologies.

Under the Local Government Act (LGA) the Statement of Intent must be publicly available. None of Grow Wellington's Statements of Intent are currently available on their website.

2. Centres of Excellence

2.1 HERC

We note that the activities and measures anticipated in last year's Statement of Intent have significantly changed but there is no explanation included about why.

As indicated above, there needs to be greater clarity about what the activities and measures actually mean. For example the measures for Biotech and Life Sciences are input measures. It is unclear what “Five businesses are located at the HERCC” actually means. Five businesses could be there one day per week. The measure “commercialisation space is secured” is unclear since the six-monthly report cites *“The Capital and Coast District Health Board has identified location space at Wellington Hospital, and alongside Victoria University and the Medical Research Institute, provided multi-million dollar capital and operating support, and agreed to be founding partners for the hub- the Health Education, Research and Commercialisation Collaborative HERC.”*

It would be useful to see measures that identify economic value of this Centre and the businesses identified to be recruited for it.

2.2 Clean Technology

On page 8 the activity “Attract further businesses to Kapiti Clean tech Centre” is not clear about whether these businesses are from outside the region or simply re-locating from other parts of the region. It is unclear of the benefit if all these businesses come from other parts of the region. The Statement of Intent needs to be clearer about where these businesses are coming from and could include a measure aiming for half of the businesses to come from outside the region.

2.3 Screen and Digital

The activities outlined for this area are very input-focussed. It would be helpful to see the expected benefit or revenue from the activities. It is unclear why the revenues for the development and implementation of a “strategy for the retention/increase of international television activity in the region” in 2013/14 are expected to be the same as for 2011/12.

The measure for this activity related to the scoring stage does not reflect Grow Wellington’s involvement in the project. We also understand it does not reflect Grow Wellington’s earlier analysis of the business case for this activity and question whether this activity should still exist within the Statement of Intent. The measures need to more accurately reflect Grow Wellington’s role, clearer measures and the overall outcome of the project.

3. Sectors

3.1 Food and Beverage

It is difficult to see a connection between the overall direction for the food sector, where it says that Grow Wellington is going to achieve \$30 million export revenue over 10 years, and the measures on the following page.

Grow Wellington’s role in Wellington on a Plate is unclear so it is difficult to determine their level of accountability through the measures identified.

The activity “Implement Wellington Food & Beverage (F&B) sector development projects” seems unrelated to the measure beside it. It would be preferable to see the projects identified and the relevant measures associated with them. It would be valuable to attach the Wellington Food & Beverage plan as an appendix.

3.2 Wood

The activities in this sector need to be more clearly articulated and the timeframes of any wood processing developments outlined. The prospect of greater volumes of wood emerging from the region has been on the agenda for some time so it is unclear why there are not further developed plans in terms of processing the wood.

It is difficult to understand what the activity “deliver an investment memorandum for new investment into the processing sector to potential investors” means. There is no measure for this in 2012/13 and a very general measure of “investment has been secured” in 2013/14.

3.3 Education

It is unclear what some of the measures mean. For example the measure “one new market has been scoped” is unclear on what the scoping entails and what the outcomes from the scoping might generate. It is unclear why there are no other measures for this activity in subsequent years.

The activity focussed on the Education Wellington Advisory Board is cited as being to support it, however it is unclear what the Board is or does and what the support actually entails. It is unclear how the measures associated with it will support education initiatives.

3.4 Film

More clarity around the activities and their associated measures would be preferred as it is unclear how Grow Wellington’s role in the film area actually contributes to economic development. The measure “600 film industry enquiries have been responded to/managed” is an externally-driven measure. With a downturn in the global economy this measure could dwindle significantly.

4. Support and Growth of Individual Businesses

4.1 Business Growth

Measures relating to the economic impact of growing the region’s businesses would be valuable.

4.2 Broadband

The statement “*The role of Grow Wellington is to support the demand of ultra fast broadband once it has been implemented in the region. At this stage it is too early to consider appropriate projects hence a minimal amount is planned for expenditure in 2011/12*” requires challenging. There is already a great deal of fibre in the Wellington region. The key activity here is about getting businesses aware of the potential of UFB before it is available so that they can start using it as soon as it is here.

Grow Wellington previously identified a range of actions it could undertake to help drive demand for ultra fast broadband in the report undertaken for Crown Fibre. “*UFB is already delivering value in some cases, and has the potential to deliver significant benefits based on the profile of Wellington*”

businesses. This is particularly the case for those businesses in the region which are producers of 'digital value' and which are regularly uploading large files on a regular basis and sending them to clients offshore. Wellington has a high level of "digital value" businesses that have the potential to significantly increase exports with the appropriate UFB infrastructure."

Some possibilities that could be the focus for Grow Wellington's role in broadband are outlined below.

1. Investigate the ability for ultra fast broadband in Wellington region to increase economic growth through exporting more weightless product and developing mechanisms to:
 - a. track where this is being now done so that success/failure can be followed and learning moments studied
 - b. use broadband technology more effectively to streamline business process by developing programmes to educate/inform
 - c. bring broadband providers and users together to talk about barriers being removed and needs being met
2. Support the case for central government investment in broadband infrastructure in the Wellington region by
 - a. updating and resubmitting the research on Wellington businesses' use of broadband
 - b. establishing and update a needs database to present to central government showing where the gaps in broadband are
 - c. conducting business forums that examine the future use of broadband in Wellington and present a united front to government as to business/council views.

4.3 Creative HQ Limited

There needs to be more information included about Creative HQ in this combined Statement of Intent. In the separately-drafted Statement of Intent for Creative HQ (prepared as a draft and subsequently merged into the Grow Wellington Statement of Intent) there were more detailed statements about the 44 alumni companies and the tracking of 22 of these. The estimated value of these businesses to the region was put at \$64million. This information needs to be included.

The activities specified are not clear as business activities. For example the major activity specified on page 18 is to "be widely recognised as the premium, proven vehicle for accelerated venture success". This is not an activity. It is an aspiration. Likewise, to "be an important driver in building a new high-value economy for the Wellington region" is an aspiration not an activity.

It is unclear what the measure "25 ventures supported" actually means and what the overall value to the economy will be from this.

There needs to be greater clarity around the inputs, outputs and outcomes of the specified areas. In addition there needs to be a measure of how much external funding has been accessed.

It would be valuable to have a schematic diagram of the role and governance of Creative HQ as there is for the overall role and governance setting for Grow Wellington.

No details are provided on the revenue and expenditure for the subsidiary. This would be useful especially budgets for external revenue.

4.4 Investment

It would be valuable to develop a measure of what the overall value of the business investment area generates for the region's economy.

4.5 Rugby World Cup

It is difficult to estimate the value proposition from the loosely-defined activity "Deliver an appropriate event" and the measure "Event has been hosted and follow up contact has been undertaken". The Statement of Intent needs to be clearer on this.

5. Recommendations

That the Chief Executives provide a report to the WRS Committee summarising their concerns about the Grow Wellington Statement of Intent and suggest that the Committee request Grow Wellington make amendments to their Statement of Intent accordingly.

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