



3 November 2011

Sir John Anderson
Chairman
Wellington Regional Strategy Committee
PO Box 11 646
Wellington 6142

Mayor Wayne Guppy
Chairman
Wellington Region Mayoral Forum
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Dear Sir John, Wellington Regional Strategy Committee Members, Fran Wilde and Mayors Daniell, Guppy, Leggett, Mark, Rowan, Staples, Wade-Brown, Wallace

INITIAL INPUT INTO REVIEW OF WELLINGTON REGIONAL STRATEGY

On behalf of both the board of directors and the management of Grow Wellington, I am pleased to take this opportunity to provide our initial thoughts on matters which we consider are relevant to the review of the Wellington Regional Strategy that is currently underway.

The points we make in the note accompanying this letter are underpinned by a our strong desire to see the Wellington Region's economic growth potential be more fully realised while retaining what makes this region so special to live and work in, and to visit.

We are very keen to be closely involved in the review of the Wellington Regional Strategy itself and related matters (including governance) and are committed to doing what we can to assist in the best interests of the Wellington Region.

Yours sincerely



Paul Mersi
Chairman

GROW WELLINGTON

INITIAL INPUT INTO REVIEW OF WELLINGTON REGIONAL STRATEGY

Introductory Statement

The board and management of Grow Wellington are highly motivated to provide constructive input into the review of the Wellington Regional Strategy (WRS) and its governance.

We are confident that Grow Wellington can and will deliver as implementer, driver and facilitator of coordinated economic development across the region; we have aspiration, expertise and energy, and will be adaptable and innovative in meeting the challenges inherent in making such a strategy successful.

Looking forward, key matters threatening a successful Wellington Regional Strategy include lack of agreement and buy-in amongst stakeholders, the increased focus/voice of Auckland and Christchurch, reduced central government employment in the region, and the New Zealand and global economic uncertainties and associated malaise.

In the past, the difficulties inherent in achieving successful economic growth have been exacerbated by a lack of specificity in the desired outcomes in the Wellington Regional Strategy, lack of effectiveness of the Wellington Regional Strategy Committee, and Grow Wellington's past ways of dealing with those issues.

For the Wellington Regional Strategy (and Grow Wellington) to be successful all of these challenges need to be addressed. Grow Wellington will play its part in that, and we are keen to be involved in resolving all of the issues identified in this letter.

The Board acknowledges that the Wellington Regional Strategy review and governance issues may take time to resolve, and in the meantime it will continue its focus on the activities of Grow Wellington in whatever context formally determined by the Wellington Regional Strategy Committee.

Our Perspectives on Key Governance Issues

- It is essential that there is an appropriate, functional and effective governance structure to determine, monitor, drive and adjust the Wellington Regional Strategy and its implementation. We see two key areas that need significant improvement: the reconciliation of differing views amongst the owner/funder stakeholders, and the translation of owner/funder stakeholder expectations into clear guidelines and objectives for the implementation agencies (ie, including Grow Wellington).
- There is a need to review and, if necessary, to redefine what constitutes the Wellington Region, ie which TLAs are in and which are out. Only those that genuinely buy in to a regional approach to economic development and to the revised Wellington Regional Strategy should be involved.
- A key requirement for the effective governance and future success of the Wellington Regional Strategy is for all stakeholders to participate consistently with the rhetoric; they all need to walk the talk.
- Current uncertainty around regional versus local authority structure and responsibilities in Wellington is not helpful and the sooner that is resolved the better. We are already seeing public manifestations of a more regionally 'together' Auckland and its ability to more powerfully stake its claim on, for example, central government attention and resources (eg Rugby World Cup Fan-Zone subsidy and the Auckland Innovation Centre).

- Some owner/funder stakeholders do not appear to be indifferent as to where in the region activities are focussed/based and economic growth occurs. This is a critical issue that needs to be resolved as it materially impacts on strategy and implementation.
- Not all owner/funder stakeholders seem to have genuine patience for long pay-back initiatives (5-10 years plus). There is inherent difficulty with initiatives that have a payback period longer than political cycles, and there is a need for Grow Wellington and the stakeholders to work together to improve the quality of objective-setting and reporting on both short and long term outcomes and milestones.
- The Wellington Regional Strategy cannot be as static as it has been; it must become more adaptable. The current Wellington Regional Strategy is effectively eight years old, and the strains of it not adapting to materially changed local, regional, national, and international environments are self-evident. While it is appropriate that there are core elements of the Wellington Regional Strategy that may remain largely unaltered over the long term, there needs to be much more flexibility than is currently the case to adapt and reprioritise the Wellington Regional Strategy within a shorter period. Perhaps this could be in the form of a two-yearly implementation plan cycle.

Our Perspectives on Key Strategic Issues

- There is a need to clarify certain terms and concepts in the Wellington Regional Strategy. Many key terms that feature in the current Wellington Regional Strategy (such as "Regional Development" and "Economic Growth") are general concepts that need to be refined and specified for our region.
- For example, "Economic Growth" can mean an increase in one or more of: population, employment rates, gross income for the region, mean or median per capita income – each of which have quite distinct consequences for the region and on how we go about achieving the objectives. In relation to this term, in our view it seems sensible to focus on economic growth which manifests in higher per capita income, as simply driving up the population risks jeopardising one of the Region's key points of difference.
- Clarity is required on whether growth in the Wellington Region should come at a cost to other regions in New Zealand. In our view, while attracting international business and opportunities should remain a priority, the revised approach to the Wellington Regional Strategy must recognise the increased competitiveness of other regions within New Zealand. The Wellington Region needs to go on the front foot to ensure that it does not lose further ground to its domestic competitors - ground which in most cases cannot be made-up once lost.
- The Wellington Regional Strategy must take a position on the relative importance of various sources of economic growth. The current Wellington Regional Strategy explicitly prioritises growth that is export-oriented. While an export-oriented international focus should generally offer the best opportunities for growth, there should be flexibility to take advantage of other growth generators.
- A higher degree of specification of desired outputs and achievements is required within the Wellington Regional Strategy. We are mindful of the fact that grinding too fine could simply condemn the plan to an annual cycle of detailed fine-tuning in a political forum which will disrupt ongoing initiatives. However, the current Wellington Regional Strategy high-level objectives are simply not specific enough, and this has allowed owner/funder stakeholders to have quite different views, in retrospect, of what was to be achieved. Our observation is that while stakeholders may each be able to express disappointment to varying degrees with achievements to date under the current Wellington Regional Strategy, we doubt there would be much agreement amongst stakeholders now as to what was supposed to be achieved.

- The Region's real and material points of difference (vis New Zealand and internationally) must be agreed and consistently used as a basis for the economic and business development activities across all agencies and stakeholders. For example, we should be better exploiting the Region's very successful tourism focus and activities with complementary activities aimed explicitly at attracting international business-people, entrepreneurs, and existing business to (re-)locate in the Region.
- While we do not consider it essential that Economic Development policymaking reside in same agency as implementation, where it is separate there needs to be effective communication and input to both from all parties involved.

What Grow Wellington is Doing Pending the Outcome of the Wellington Regional Strategy Review

Grow Wellington has achieved a significant amount over a wide range of activities, since the company's inception only four years ago.

Specific examples include:

1. Bright Ideas Challenge with 2,000 entries across two years. The Challenge activity ensures Wellington continues to develop its entrepreneurial capabilities, that the innovation community is fully engaged, and that Grow Wellington increases its opportunities to actively support the growth of Wellington businesses
2. Facilitation of \$10m in R & D investment, underpinning the growth of technology-led businesses.
3. Facilitation of the establishment of the Le Cordon Bleu Institute in Wellington, with an anticipated direct economic impact of \$30m per annum.
4. Partnership with Positively Wellington Tourism in the launch and continued implementation of Visa Wellington on A Plate. The Festival has provided a platform for the messaging around Wellington as a capable and credible food producing region.
5. Facilitation of BizDojo's establishment. Though in its first year, BizDojo has co-located 25 creative businesses. The activity supports and encourages the growth of local digital businesses.
6. Support for the establishment of the Computer School of Graphics which will maintain a quality flow of highly educated graduates to support the digital industry.
7. Establishment of a of a CleanTech centre which currently has ten business members working together with three educational institutes and three research institutes. This is a significant step in the development of the Centre of Excellence programme for the region.

Further details are contained in both our Annual Report and Attachments 2 and 3.

We are determined that within a more clearly defined strategic environment (the Wellington Regional Strategy) and more effective governance Grow Wellington is capable of further increasing its positive impact on the Region's economic health, and we are ensuring that we are able to be flexible to adapt to any changes that arise as a result of the Wellington Regional Strategy Review.

A better understanding of gaps and overlaps in services to businesses in the Region is central to improving Grow Wellington's efficiency and impact. As a first step in that we have initiated a process of mapping where Grow Wellington's activities sit within the vast range of providers affecting business in the region and to that end refer you to our interim assessment of that [Attachment 1]. We note that one of our partners, New Zealand Trade and Enterprise, is grappling with the same issues and is embarking on a similar exercise with a nation-wide perspective.

Regarding specific activities and areas in which we believe Grow Wellington can improve on economic growth outcomes in the region, the following reflects the key areas of our current thinking:

- ⌘ Augmentation of our current Business Growth, Incubation, and Sector focus (ie making the most of what is already in Wellington) with an increased emphasis on attracting entrepreneurs and existing businesses to the region.
- ⌘ Using internet and social network-type technology to extend Grow Wellington's reach beyond that achieved by a largely hands-on/individual-based approach, and giving it an impact that is scalable and self-sustaining.
- ⌘ Increased presence as a facilitator and coordinator to bring development/growth-oriented public and private sector agencies together to share, cooperate and collaborate. Critical to success would be both achieving the level of authority needed to enable an organisation to be able to be effective here, and ensuring other agencies' willingness to meaningfully participate. Past experience indicates that these are high hurdles.
- ⌘ Consideration of both the extent to which Grow Wellington's activities should focus on 'picking winners' and the manner in which such evaluations are undertaken.
- ⌘ Material improvement in the quality of Grow Wellington's interaction with all stakeholders.
- ⌘ Improvement in monitoring, measurement and reporting of achievements and outputs.
- ⌘ Continuous prioritisation of Grow Wellington's spending across activities through an increasingly disciplined and outcome-driven focus
- ⌘ Rationalisation and focused branding of Grow Wellington's various activities and initiatives.

Background Information:

1. Business and economic development "Activity Maps" of Grow Wellington, its offspring, stakeholders, and others. (Attachment 1)
2. Understanding Grow Wellington's current activities. (Attachment 2)
3. Snapshot summary of past four years of Grow Wellington's spend and achievements/outputs by activity/initiative. (Attachment 3)

ATTACHMENT 1



GROW WELLINGTON ACTIVITIES

Introduction

Attached are three 'activity maps' which capture the environment within which Grow Wellington supports Business Growth.

1. A summary of the sectors that Grow Wellington works with and how they are connected.
2. A summary of the activities that Grow Wellington is directly involved in and a summary of the relevant partners in the Wellington region.
3. A summary of the partners that exist in the Wellington region and the support they provide for the range of business needs and business types.

The "ecosystem" is clearly diverse and complex. Grow Wellington's approach is to support business growth by understanding individual business needs and sector needs, then connecting the need to the most appropriate support in the region.

We Connect, Inspire and Facilitate economic growth through supporting Business Growth.

GROW WELLINGTON'S CONNECTEDNESS

FUNCTION

BUSINESS GROWTH PROGRAMMES

Tighten links (challenges) sectors
 VC Funding Sectors
 NZTE Funding Sectors
 Tertiary sector liaison & knowledge transfers
 Technical production enabling Sectors
 Active Sectors
 NZCOLL Business owners

Centres of Excellence
 Centres of Excellence
 Centres of Excellence
 Centres of Excellence
 Centres of Excellence
 Innovation Community

Creative HQ
 Creative HQ
 Creative HQ
 Creative HQ
 Business owners
 Entrepreneurs/Startups

Innovation Community
 Business owners
 Business owners
 Business owners
 Investors

Entrepreneurs/Startups
 Entrepreneurs/Startups
 NZTE
 NZTE
 Professional services firms
 Marketing & Comms

TiAa
 MAS
 Training providers

MAS

VEF SPECULATIVE FOR CONNECTIONS

Grow Wellington
 Private sector
 Public sector
 International

Sectors
 Innovation Community
 NZTE
 Entrepreneurs/Startups

Centres of Excellence
 Entrepreneurs/Startups
 TEs
 Incubators

Marketing & Comms
 Investment community
 Incubators

MAS

MAS

MAS

EDUCATION

Grow Wellington
 Private sector
 Public sector
 International

Marketing & Comms
 Education-enabling developers
 Ministry of Education

Creative HQ
 Networks
 NZTE
 Incubators

Marketing & Comms
 Local expertise
 Incubators

Investment community
 PWT

Marketing & Comms
 TV

Industry Associations

TEAM

Grow Wellington
 Private sector
 Public sector
 International

Screen & Digital
 Creative & Tech
 Professional Production Companies
 Membership Builds
 International Film Conventions

Creative HQ
 Networks
 NZTE
 Incubators

Marketing & Comms
 Local expertise
 Incubators

Investment community
 PWT

Marketing & Comms
 TV

Industry Associations

PRIMARY

Grow Wellington
 Private sector
 Public sector
 International

F&B Sector
 Composites
 Regional councils
 Southern Rural Wgtn (Districts)

Manufacturing Sector
 Agribusiness
 MAS

Clean Tech CoE
 Innovation specialists

Marketing & Comms
 Federated Partners

Operational & Development Teams

Industry Associations

MANUFACTURING

Grow Wellington
 Private sector
 Public sector
 International

F&B Sector
 Manufacturing businesses
 TEs

Primary sector
 Composites
 MAS

Clean Tech CoE
 Innovation specialists

Marketing & Comms
 Federated Partners

Operational & Development Teams

Industry Associations

FOOD & BEVERAGE

Grow Wellington
 Private sector
 Public sector
 International

F&B Sector
 Industry associations
 F&B Producers
 F&BCE

Marketing & Comms
 F&B Business Owners
 F&BCE

Clean Tech CoE
 Innovation specialists

Marketing & Comms
 Federated Partners

Operational & Development Teams

Industry Associations

WELNESS

Grow Wellington
 Private sector
 Public sector
 International

Marketing & Comms

Marketing & Comms

Clean Tech CoE
 Innovation specialists

Marketing & Comms
 Federated Partners

Operational & Development Teams

Industry Associations

CLEAN TECHNOLOGY

Grow Wellington
 Private sector
 Public sector
 International

Marketing & Comms

Marketing & Comms

Clean Tech CoE
 Innovation specialists

Marketing & Comms
 Federated Partners

Operational & Development Teams

Industry Associations

SCREEN & DIGITAL

Grow Wellington
 Private sector
 Public sector
 International

Marketing & Comms
 Production/Production Companies
 NZCOLL
 Investors

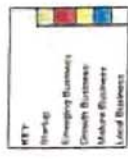
Screening
 Exhibition
 Entrepreneurs/Startups

Legal expertise
 Incubators

Business owners

Professional services firms

Industry Associations



	START UP	EMERGING	GROWTH	MATURE
Grow Wellington programmes	Bright Ideas Challenge Activate Creative HQ MSI Funding Film sector Clean Tech CoE	Activate Creative HQ Tertiary Engagement MSI Funding NZTE Funding Advisory Board support F&B Sector Education Sector Film sector Primary Sector Clean Tech CoE Biotech CoE	Solution Centre Tertiary Engagement MSI Funding NZTE Funding Advisory Board support F&B Sector Education Sector Film sector Primary Sector Manufacturing Sector Clean Tech CoE Biotech CoE Screen & Digital CoE	Solution Centre Tertiary Engagement MSI Funding NZTE Funding Optimising Manufacturing F&B Sector Education Sector Primary Sector Manufacturing Sector Clean Tech CoE Biotech CoE Screen & Digital CoE
External connections	Consultants & strategists TLAs business.govt.nz 0800 BIZ INFO Wellington City Library KEA NZ MSI Training & Coaching Investment community Incubators Entrepreneurs Export consultants NZ Customs NZECO Networking groups Prototyping/product dev Business offices Inland Revenue	Chambers of Commerce Business Mentors NZ Consultants & strategists Summer of Tech TLAs business.govt.nz 801 BIZ INFO Wellington City Library Industry associations KEA NZ NZTE MSI Training & Coaching Professional services Investment community Banks Incubators Entrepreneurs Technical expertise Market research firms Export consultants NZ Customs NZECO Networking groups Prototyping/product dev CRIs Business offices Inland Revenue	Chambers of Commerce Business Mentors NZ Consultants & strategists ECCC Summer of Tech TLAs business.govt.nz Business NZ Export NZ Manufacturing NZ Wellington City Library Industry associations KEA NZ NZTE MSI DOL/Immigration Training & Coaching Professional services Investment community Banks Entrepreneurs Scientists Technical expertise Market research firms Export consultants NZ Customs NZECO Patent dealers Networking groups Prototyping/product dev CRIs Inland Revenue	Chambers of Commerce Business Mentors NZ Consultants & strategists ECCC Summer of Tech TLAs business.govt.nz 802 BIZ INFO Business NZ Manufacturing NZ Wellington City Library Industry associations KEA NZ NZTE MSI DOL/Immigration Training & Coaching Professional services Banks Technical expertise Market research firms Networking groups Prototyping/product dev Inland Revenue

BUSINESS GROWTH SUPPORT BY BUSINESS NEED

BUSINESS NEEDS

BUSINESS SUPPORT & EXPERTISE	Professional services providers Public sector Member organisations Expertise
PROGRAMMES	Grow Wellington Other
TRAINING	Public Private sector
FUNDING	Public sector
INVESTMENT	Professional services providers Investment community
TALENT & RESOURCE	Internships Expertise
MARKET DEVELOPMENT & EXPORT	Public sector Private sector
MARKET INTELLIGENCE & RESEARCH	Public sector Private sector Export
RESEARCH & DEVELOPMENT	Public sector Private sector
INFORMATION & RESOURCES	Public sector Member organisations
NETWORKS	Member organisations Open networks

AVAILABLE SUPPORT & CONNECTIONS



ATTACHMENT 2

UNDERSTANDING GROW WELLINGTON'S CURRENT ACTIVITIES

Introduction

Grow Wellington has been set up as a consequence of the Wellington Regional Strategy (WRS). The Wellington Regional Strategy was developed by the nine local authorities in the region and was fully adopted in May 2007. Grow Wellington was set up in July 2007.

The regional strategy identified three areas that will drive a sustainable economic growth strategy for our region.

- Effective Leadership and Partnerships (ensuring we have the right governance and relationships in place to deliver the WRS outcomes)
- Investment in growing our economy, especially our exports (to ensure the region prospers)
- Good Regional Form (incorporates the physical arrangement of our urban and rural communities)

The WRS identified that a dedicated organisation (Grow Wellington) was required to deliver results in the second area "investment in growing our economy, especially our exports".

The Greater Wellington Regional Council (GWRC), councils and the WRS committee are responsible for delivery of the other two areas of the WRS.

Grow Wellington identified what economic growth activities would have the most impact for the region. These activities were divided into four key groups:

- Developing businesses, products and services
- Selling and Marketing overseas
- Getting our products to international markets
- Key Business Growth inputs.

As Grow Wellington started to develop programmes to implement the four headings, it identified that all relate to the need to support business growth with a focus on exporting businesses or businesses that indirectly support export.

Grow Wellington has therefore developed a range of programmes that deliver on the WRS and are directly aligned with the goals and activities set out in the strategy.

The strategy identified a need to increase the regions GDP through export growth, however no specific target has been set. The current GDP is estimated at \$23 billion. The projects identified below indicate a growth target of approximately \$5 billion over the long term (20–30 years) which is equivalent to approximately 1% per annum. This increase must be considered additional to normal growth Wellington may achieve without the intervention approach of the WRS Programmes.

Grow Wellington is focused on developing and supporting high growth export oriented businesses. In order to do this, the organisation has developed a portfolio approach with a number of programmes that will have different impacts and different timeframes. In all cases Grow Wellington aims to connect businesses to pre-existing support from the Wellington region. When gaps are identified Grow Wellington will implement projects in order to assist export growth.

These programmes are divided into the following three areas:

1. Programmes that support the growth of major export oriented industries (Centres of Excellence)
2. Programmes that support sectors with an export focus (Sectors)
3. Direct support for businesses that export or support export (Business Growth)

Listed below is a description of the programmes and their intended benefits. A description of the short and long term measurement approach is also explained. It is important to note that measuring the progress of Grow Wellington's programmes must take into account the challenges inherent in evaluating the success of long-term projects and the fact that business support is not always the only factor in business success.

CENTRES of EXCELLENCE

The Centres of Excellence concept is to drive the growth of internationally relevant industries in the Wellington region. The aim is to have industries with \$1billion turnover within 20 years. It is accepted that in order to have a sustainable world class industry the following is needed:

1. World class research
2. Education to post graduate level
3. Major businesses
4. Support businesses
5. Investment
6. Supportive Government policy
7. Support services
8. International connections

It has been identified that no industry in Wellington has all of the support that is needed; hence Grow Wellington has committed to support the development of three industries. The three industries have been identified as having significant potential for innovation, supporting the creation of businesses, increasing business growth and exports.

These three industries were identified after consideration of a large number of potential industries. It is believed that these three have the greatest long term potential for the region.

Digital

Why Digital?

In 2010, the screen and digital sector accounted for 1.9% of the Wellington region's businesses. This compares with 0.7% for New Zealand as a whole. Between 2007 and 2010 the number of screen and digital businesses in the Wellington region grew by 183 (22.6%). 180 of these were in the Motion Picture and Sound Recording Activities sub sector. This is a significantly larger increase than for New Zealand as a whole (13.7%). In 2010 there were 991 businesses in the region.

Globally there is an increasing demand for entertainment through a blended digital approach. This includes film, gaming and social networks. This trend is also being seen in non entertainment, eg serious games which provide training resources for industry.

Wellington is recognised globally as being world leading in film creativity and technology. There are examples of gaming expertise and IT expertise. It is therefore appropriate for the region to aim to harness the existing capability to build a very significant industry.

This is a currently a \$500m industry and has the opportunity to grow to \$1b. The industry is currently reliant on one major player and lacks research, education and investment to be able to sustainably grow.

The industry also tends to be a fee for service industry and increased value can be achieved through ownership of IP.

Grow Wellington Activities

1. School of Graphics – a high quality tertiary course designed to develop locally trained personnel who will engage with industry
2. Investment Fund – a significant fund to provide sustainable work in the region and enable development of more major businesses
3. Business Hub – a physical space to help small businesses develop, innovate and collaborate; which will enhance the industry
4. AnimFX – an international workshop which will enhance the international connections and increase expertise for the smaller businesses in the region.

Measurement

The long term aim for the Digital COE is \$1b revenue by 2035, however it is not possible to measure this in the short term.

For this reason measurements for 2012 will be:

1. School of Graphics – the school has been launched
2. Investment Fund – amount of money raised
3. Business Hub – number of businesses that are part of the hub
4. AnimFX – number of attendees and connections made

It should be noted that normal Business Growth services also support the Digital sector businesses.

Clean Tech

Why Clean Tech?

It is acknowledged that the world requires clean technologies to be sustainable and this is demonstrated through significant growth of clean technologies globally - investment in renewable energy surpassed conventional energy projects for the first time in 2008. Roland Berger Strategy Consultants estimate that the global market for environmental products and services will be US\$2,740 billion by 2020.

The clean technology industry is very early stage globally and specifically in Wellington. There is high quality research and there are a limited number of small companies but no major global companies. Grow Wellington has identified that an ecosystem is required for the regions emerging clean technology sector to grow.

A study carried out by Greenchip in 2010 identified there are a large number of research capabilities that can be enhanced. It is not possible to quantify the potential value however there is clearly an opportunity to connect with the massive global growth.

The report identified the following opportunities (in no particular order):

- Distributed Power generation and supply
- Marine Energy (AMEC)
- Sustainable Living
- Clean Transport
- Water Sustainability
- Geo-Spatial Information Systems (GIS)
- Recycling & Waste Processing

Grow Wellington Activities

Grow Wellington has committed to supporting the early stage development of clean tech technologies. The region needs to confirm that the technologies will have global opportunity and then it will be possible to more accurately quantify the region's opportunities.

Grow Wellington activities are therefore:

1. Clean Tech Centre – an incubator designed to support early stage start up companies
2. Major Projects – identifying and supporting research based projects that will coordinate the research in the region and create potentially significant businesses
3. Marine Energy – supporting the development of a Marine Centre. This is on the basis of Wellington's natural advantage in the marine sector due to the proximity of the Cook Strait and the research capability in the region

Measurement

The long term aim for the Clean Tech COE is \$1b revenue by 2035; however it is not possible to measure this in the short term.

For this reason measurements for 2012 will be:

1. Clean Tech Centre – number of residents and investment
2. Major Projects – number of projects defined
3. Marine Energy – definition of a Marine Centre and funding proposal made

It should be noted that normal Business Growth services also support the Clean Tech sector businesses.

Biotechnology and Life Sciences

Why Biotechnology and Life Sciences?

In 2010, the health sector accounted for 9.9% of the Wellington region's employment. This compares to 10.8% nationally. In 2010, there were 2,239 health institutions in the Wellington region. Between 2007 and 2010, the number of health institutions increased by 148 (7.1%).

Biotechnology and Life Sciences are a very significant global market and are increasing as the population demands better living standards and longer lives.

The Health and Biotech industry is very early stage in Wellington. There is high quality research however there are a limited number of small companies and no major companies.

Health is a high growth sector globally and the region has the potential to combine its health research with its digital and IT expertise. This will be expected to be an important part of the Centres growth.

Grow Wellington is currently reviewing the region's capability and identifying the research organisations and programmes.

It should be noted that normal Business Growth services also support the Biotechnology and Life Sciences sector businesses.

SECTORS

Grow Wellington provides support for specific sector projects when it is believed that this support will address the gaps preventing greater export growth. It should be noted that the sector individual businesses will also receive support through Grow Wellington Business Growth support.

The sectors supported are listed below:

Education Students

Why Education?

The education sector is made up of institutions including primary, intermediate and secondary schools; polytechnics and universities; and private training establishments.

In 2010 the education sector accounted for 8.7% of the Wellington region's employment. This compares with the national education sector's contribution of 8.7% to total New Zealand employment. In 2010, there were 1,150 education institutions in the Wellington region. Between 2007 and 2010, the number of education institutions in the Wellington region increased by 69 (6.4%). This growth came mainly from Wellington City (46).

According to Education New Zealand's latest figures the value of export education to New Zealand in 2009 was \$2.5 billion. The Wellington region had 5.3% of international fee paying students in 2009 (Ministry of Education). If we estimate the region has around 5.3% of that value, this amounts to \$132.5 million. However, this is likely to be quite a conservative figure as Wellington has a much higher proportion of university students than other regions. University students are known to spend more on goods and services, therefore they make a higher monetary contribution to the economy than international fee paying students at other institutions.

The international Education sector is a high growth opportunity, specifically from Asia where a combination of increased wealth and increased desire for western understanding means that the number of international Asian students is growing significantly. It is estimated that the number of students studying abroad will increase from the \$2.5m in 2009 to \$7.0m by 2020.

It is a competitive market, however, New Zealand has a specific market niche for families who want their children to enjoy a clean green environment. For this reason it is realistic to expect New Zealand student numbers to grow. The government has recently committed an additional \$10m to international promotion hence New Zealand numbers should increase.

Education export through international students is estimated to be \$2.1b in New Zealand. It is believed that the Wellington region has 13% of the market and the aim is to increase this to 15%. This increase will have a regional impact of \$42m. The establishment of the Le Cordon Bleu cooking school is expected to have an impact of \$30m per annum.

It should be noted that students also expose Wellington to international people hence there will be growth in tourism and business investment. It is not possible to quantify this impact.

Grow Wellington supports the Education sector by promoting Wellington as a destination. In 2010 promotional effort was tested in Vietnam and the Wellington part of this market was increased to 25%.

Efforts in new markets will be the ongoing focus of the Education Wellington sector, the approach will be:

1. Continued promotion in Vietnam
2. Begin promotion in China
3. Develop approach for Indonesia

Measurement

The long term aim is to increase the number of students by 2,500 however this cannot be achieved in the short term hence measurement in 2012 will be:

1. Vietnam – number of students
2. China – proof of approach

3. Indonesia – approach defined
4. Stakeholder survey responses

Education Products

Education export through promotion of local capability is believed to have high potential. The increased opportunity in international students is clear however technology developments mean that there is also an opportunity to export 'virtual' education. The target is both student and corporate learning. This will blend the high standard of education with technology capability in the region, particularly in the digital and gaming space.

Grow Wellington will support this by assisting with the development of an export product in partnership with current education providers. The initial product that has been identified is an English training product.

The approach will be:

1. Confirm product technology functions at an acceptable level
2. Confirm international distribution partners

Measurement

The long term aim is for education providers in the region to develop export products. In the short term the measurement in 2012 will be:

1. Product - product confirmed as working
2. Sales - have been achieved and number of customers

Food

Why Food?

In 2010, the Food and Beverage sector accounted for 5.3% of the Wellington region's businesses and 10.9% of the region's employees. This compares to 5.2% and 13.8% respectively for New Zealand as a whole. In 2010, there were 2,713 businesses in the region. Between 2007 and 2010, the number of food and beverage businesses in the Wellington region increased by 55. Wellington City has the majority of businesses at 47%, followed by Lower Hutt with 21%.

The Wellington region has a good number of food producers who have the opportunity to either increase exports or start to export. It is believed that the export revenues can increase by \$20m in the medium term and the long term target is to create ten more businesses with 100+ staff.

Grow Wellington supports the Food Sector by assisting them to develop their supply capability and then will assist through export support. Visa Wellington On a Plate was developed to provide a local test for local producers (the tourism benefits are clear and are being maximised by Positively Wellington Tourism, however this was not the purpose for Grow Wellington).

Now that Visa Wellington On a Plate is in place the support for export will begin. The approach will be:

1. Continue to support Visa Wellington On a Plate
2. Work with food producers to develop an export programme
3. Identify future support projects with industry

Measurement

The medium and long term measurements are clear in terms of revenue and employment figures. In the short term the measurement will be:

- 1 Visa Wellington On a Plate – number of local producers profiled
- 2 Food producers – implementation of an export programme
- 3 Annual survey responses

Manufacturing

Why manufacturing?

In 2010, the manufacturing sector accounted for 3.5% of the Wellington region's businesses and 5.7% of the region's employees. This compares to 4.5% and 11.5% respectively for New Zealand as a whole. In February 2010 there were 1,787 businesses in the region. 59% of manufacturing businesses are either in Wellington City or Lower Hutt.

Wellington has a number of technology-based manufacturers. The GDP is estimated at \$2b in the region however it is believed that most manufacturers lack the scale to export more successfully. For this reason there have been a number of projects pursued with an aim of connecting manufacturers to learn and develop with each other.

Manufacturing includes Food Processing which is an important factor in the national innovation framework and is also integral to the Grow Wellington Food Sector growth strategy.

Grow Wellington has identified the opportunity for manufacturers to connect through a graduate trainee programme. Graduates are employed by Grow Wellington and work on innovation projects with the businesses and then rotate to other businesses in the region.

The approach has been to pilot the concept with a small number of manufacturers, it has proved successful and will now be expanded. It should be noted that this project is also connected to the Food Export programme.

Measurement

The desired approach is to measure the impact on export revenues, this is not realistic given that the projects do not directly create sales revenue. For this reason the measurements are:

1. Number of manufacturers participating
2. Survey responses from manufacturers about impact of the project

Film

Why Film?

The screen industry is a subset of the screen and digital sector - it includes production, distribution, exhibition and broadcasting of films, television programmes and other motion picture productions. The total revenue received by those businesses was \$531 million. This is \$179 million more than in 2008, an increase of 51% driven by growth in post - production activity. Screen industry businesses in the Wellington region received 50% of New Zealand's total post production revenue. Between 2008 and 2009, the number of Screen industry businesses increased by 153 (24%).

Wellington has a \$500m film industry and Film Wellington provides support for this industry by working to make the region "film friendly". This is achieved through provision of permits. Permitting is provided for large and small activities as it is essential the industry is supported. Film Wellington is also active in promoting Wellington as a film destination.

The approach is therefore:

1. Location and film permit allocation
2. International promotion of Wellington as a film destination

Measurement

It is not possible to directly attribute the Film Wellington activities to overall business revenue hence measurement is as follows:

1. Number of permits – and by size of production
2. Number of enquiries – international connections
3. Annual survey responses

Primary

Why Primary?

The primary sector accounts for 5.1% of the Wellington region's businesses. In 2010 there were 2,644 primary sector businesses in the Wellington region. Of this 2,558 were in the agriculture, forestry and fishing sector. The majority of the region's primary sector businesses are located in the Wairarapa and on the Kapiti Coast.

Irrigation

It is believed that there is a significant opportunity to develop an irrigation project for Wairarapa. The economic value is estimated to be in excess of \$300m.

Grow Wellington will not lead nor invest in the project, the role is to facilitate connection with the partners to ensure the project delivers economic value.

This project is also connected to the food strategy and food manufacturing opportunity in the long term.

Measurement

1. The short term goal is the number of business opportunities made feasible as a result of irrigation production
2. The long term objective is to measure the economic growth from farming and food producers

Wood

There is a projected increase in wood flow for the region. Grow Wellington has identified the opportunity to increase value for the region by adding value to wood exports in the medium term. This is based on the belief that the increased wood flow combined with the potential to export value added products will create significant value for the region. This cannot be validated until the industry can confirm details

The project identified is to coordinate the industry to promote a value add approach.

Measurement

The most appropriate long term measurement is the added value of wood exports however this cannot be measured in the short term.

1. The short term goal the formation of an industry group and investment in a value add programme by 2014.

BUSINESS GROWTH

Why Business Growth?

The long term goals of Centres of Excellence and the medium term goals of sectors are important and it is believed that Grow Wellington should work on the short term goals through support of export businesses. Grow Wellington provides support to up to 2,500 businesses per annum with estimated total revenues of \$2.5b.

Grow Wellington aims to provide assistance to businesses in order to assist them to increase export sales. The target is to implement support that will facilitate \$150m annual growth (6%).

The Grow Wellington approach is to promote innovation in the region and then connect businesses to the most appropriate resources in order to help their growth.

The approach identifies where the gaps are, resulting in businesses not receiving the most appropriate support. Where this is the case, Grow Wellington will implement a project to fill the gap.

It should be noted that Business Growth support is critical to supporting the key businesses that are part of priority sectors and Centres of Excellence.

Examples of business support:

1. Investment – friends, family, Banks, Angels, VCs
2. Resource – employees, graduates, interns
3. Funding – R & D, training
4. Training – tertiaries, private providers
5. Programmes – Activate, Creative HQ
6. Support – Accountants, Lawyers, Consultants, ECCC, Scientists, Financial Advisors
7. Marketing – KEA network

The overall objective for the Business Growth team is to support export growth. This is done through business engagement and through supporting specific programmes.

Examples are:

1. Angel HQ: in the absence of an active angel network Grow Wellington set up Angel HQ, it is now separate from Grow Wellington and is part of the region.
2. Creative HQ: incubation services are critical for any region and Grow Wellington owns Creative HQ to ensure it drives value for the region.
3. Tech NZ: Central Government provides funding for businesses to increase their R & D capacity. Grow Wellington is the agent for R & D funding in Wellington.
4. Training: Central Government provides funding for capability development. Grow Wellington is the agent for training support in Wellington.
5. Interns: Grow Wellington is developing a programme to enable businesses to access under graduate and post graduate resource to help them develop their business ideas.

Also, Grow Wellington actively promotes the Bright Ideas Challenge as a vehicle to motivate new business creation. This is a marketing tool to motivate new ideas to be turned into reality. Grow Wellington provides direct support for all ideas and specifically for export opportunities.

Measurement

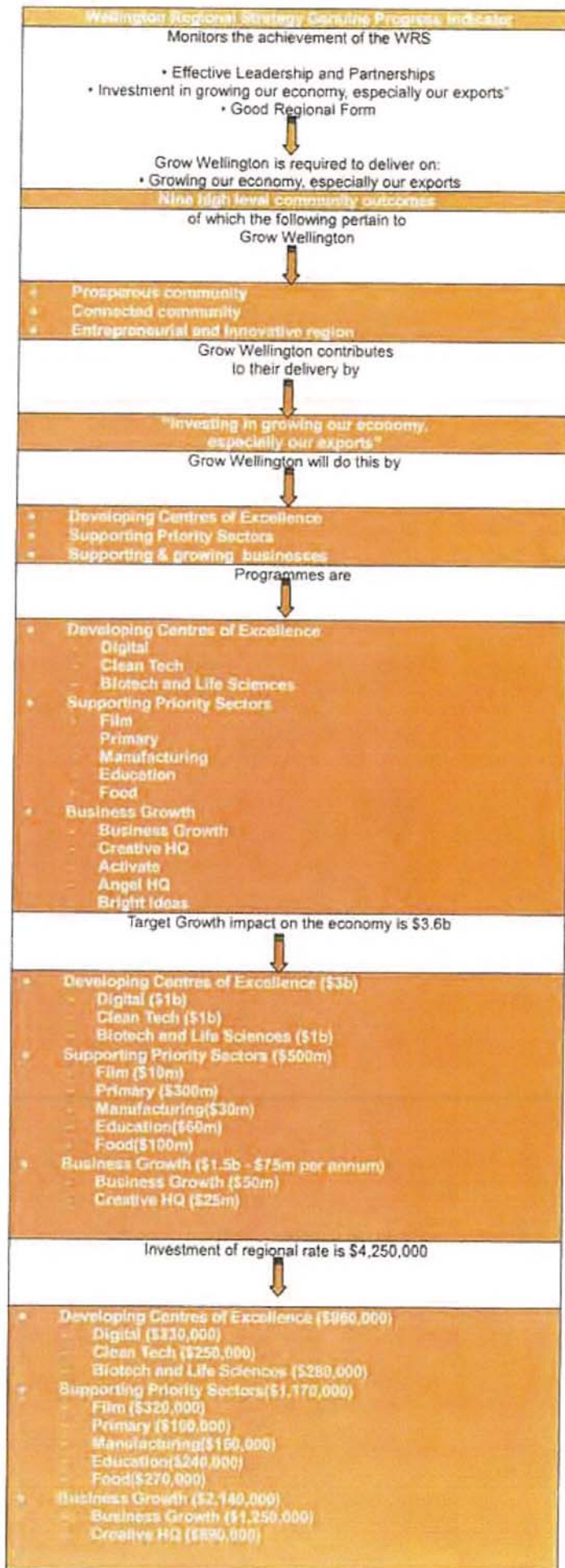
The true measurement of Business Growth success must be the export growth the businesses achieve through Grow Wellington support. It is the aim of Grow Wellington to monitor this however this would be a long term aim. Businesses are unlikely to attribute their success to specific Grow Wellington activities and are unwilling to share financials when first engaging with partners such as Grow Wellington.

For this reason measurements focus on the success of individual activities and a survey of clients to test whether Grow Wellington is believed to be adding value.

Export growth figures are now being collected and it is expected that revenue figures will be available in FY2013.

Measurements in FY2012 are therefore:

1. Number of businesses supported
2. Value of training support given to businesses
3. Value of R & D support given to businesses
4. Activate courses run
5. Number of interns placed
6. Number of Bright Ideas entries
7. Number of Creative HQ ventures and estimated economic value
8. Number of investment deals
9. Annual survey responses



ATTACHMENT 3

GROW WELLINGTON – FOUR YEARS

NOTE: All outcomes are based on Grow Wellington's approach to "Connect, Inspire, Facilitate". The outcomes are from projects that Grow Wellington has supported and believes that it had a significant impact on.

Business Growth

Bright Ideas

Investment over two years

Rates	\$0.5m
Other	\$1.0m
TOTAL	\$1.5m

2000 entries processed through Bright Ideas with 200 business plans being developed into potentially high growth businesses.

\$1m in value of support from Wellington region businesses and service providers to help develop the ideas.

Business Development

Investment over four years

Rates	\$1.7m
Other	\$0.6m (the last year only)
TOTAL	\$2.3m

3000 businesses supported at some level

- R & D support
 - Facilitated investment of \$10m over three years
- Capability Development
 - Facilitated training funding of \$0.3m in the last year
- Internships
 - Facilitated support of 80 businesses over four years
- Connections to advice

Activate

Investment over four years

Rates	\$1.0m
Other	\$0.0m
TOTAL	\$1.0m

300 businesses progressed through Activate over four years.

Activate is now established and is run privately which means it will continue without ongoing investment from Grow Wellington.

Investment (Angel HQ)

Investment over four years

Rates	\$0.4m
Other	\$0.1m
TOTAL	\$0.5m

Angel HQ members have invested \$2m. Angel HQ is now run privately which means it will continue without ongoing investment from Grow Wellington.

Incubation (Creative HQ)

Investment over four years

Rates	\$3.5m
Other	\$2.0m
TOTAL	\$5.5m

Incubated 30 companies. Estimated Economic Value Add of the businesses, based on a model validated by Ministry of Economic Development is \$206m.

Sectors

Film

Investment over four years

Rates	\$1.9m
Other	\$0.0m
TOTAL	\$1.9m

Wellington maintaining its position as a Film Friendly region, supporting a region with a \$500m turnover.

Food

Investment over four years

Rates	\$1.4m
Other	\$0.4m
TOTAL	\$1.8m

Le Cordon Bleu confirmed for the region and planned for opening in 2012. Estimated economic value of \$30m per annum.

Wellington on A Plate in place as a permanent annual Wellington event.

Food manufacturers' group now working together developing projects that will enhance their ability to increase exports.

Education

Investment over four years

Rates	\$1.9m
Other	\$0.3m
TOTAL	\$2.2m

A focused effort on promotion to Vietnam has resulted in a numbers increase from 15% to 25% of total New Zealand students. This represents 200 students hence an estimated impact to the region of \$6m per annum.

Primary

Investment over four years

Rates	\$0.5m
Other	\$0.7m
TOTAL	\$1.2m

Wairarapa Water Use project moving forward.

Manufacturing

Investment over four years

Rates	\$0.5m
Other	\$1.5m
TOTAL	\$2.0m

Optimised manufacturing in place with engagement from 16 companies that are now developing innovative projects and sharing good practice.

Centres of Excellence

Digital

Investment over four years

Rates	\$1.2m
Other	\$0.6m
TOTAL	\$1.8m

BizDojo established with 25 businesses in the first year of activity.
\$500m Film Fund raising money, potentially implemented by end 2012.
Victoria University School of Graphics in place.

Biomedical

Investment over four years

Rates	\$0.7m
Other	\$0.3m
TOTAL	\$1.0m

Research institutes connected at CCDHB through the "HERC".

CleanTech

Investment over four years

Rates \$0.9m
 Other \$0.3m
 TOTAL \$1.2m

CleanTech Centre in place. The first major project is underway based on the Region's science capability.

SUMMARY

	Investment from rates	Total Investment	Estimated Value (to date)*	Date programme matures
Business Growth				
Bright Ideas	0.5	1.5		2012
Activate	1.0	1.5		2013
Business Development	1.7	2.3	10	2012
Investment	0.4	0.5	2	2011
Incubation(CHQ)	3.5	5.5		2011
Sectors				
Film	1.9	1.9		
Food	1.4	1.8	30	2011
Education	1.9	2.2	3	2011
Primary	0.5	1.2		2020
Manufacturing	0.5	2.0		2013
Centres of Excellence				
Digital	1.2	1.8	5	2011
Biomedical	0.7	1.0		2013
Clean Tech	0.9	1.2		2012
TOTAL	16.1	23.4	50	

**Note: We have only included numbers for those activities where we feel comfortable that there is a reasonable basis for measuring EV impact (for some activities it is simply too early).*

With respect to Incubation, business that Creative HQ has incubated has delivered an Economic Value Add which is estimated at \$200m over the last four years. This is based on a model developed by the Ministry of Economic Development which is used by NZTE. As this does not measure the direct value from Incubation support it has not been included.