



**Grow Wellington**

Working for business success

**STATEMENT OF INTENT**  
**2013/2014**

Grow Wellington  
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# C O N T E N T S

<b>INTRODUCTION .....</b>	<b>3</b>
Purpose of the Statement of Intent .....	3
Economic and regional environment.....	3
Legal entity.....	4
Coverage .....	4
Goals and outcomes .....	4
Intervention logic.....	4
<b>Scope of Operations .....</b>	<b>5</b>
Activity programmes .....	5
Innovation .....	6
Investment.....	6
Target sectors and clients .....	6
<b>Organisational Competency and Health .....</b>	<b>7</b>
Governance of Grow Wellington and Creative HQ .....	7
Grow Wellington capabilities.....	8
<b>MEASUREMENT .....</b>	<b>9</b>
<b>Financial Performance .....</b>	<b>18</b>
<b>APPENDIX A - ECONOMIC CONTEXT .....</b>	<b>24</b>

# INTRODUCTION

## Purpose of the Statement of Intent

This Statement of Intent (Sol) outlines Grow Wellington's desired outcomes and priorities, and explains which outputs and activities will assist in achieving the desired outcomes. It is a document that is required to be provided to Grow Wellington's stakeholder under section 64 of the Local Government Act 2002.

## Economic and regional environment

The economic development landscape within which Grow Wellington operates is undergoing a period of change that is likely to continue into the period of this Sol. In the previous year, Grow Wellington began to adjust its activity in light of a refreshed Wellington Regional Strategy (WRS). Changes in emphasis will be consolidated within the period of this Sol.

The effects of the global economic downturn have not yet fully passed, impacting on the region's export growth, and flattening out the growth trajectory of the economy. central Government budget constraints and commitments to events such as the Christchurch rebuild may see a change to the level of central Government funding invested in the region.

Central Government is also reorganising the departments that provide the funding and resources that Grow Wellington leverages for regional advantage. The final shape, scale and services provided by the relevant Government agencies (Ministry of Business, Innovation and Employment, NZ Trade & Enterprise, Callaghan Innovation and Crown Research Institutes) is not yet determined. Changes throughout the period of this coming year and Sol may impact on the role, activities and performance of Grow Wellington.

Appendix A provides the most recent snapshot of the Wellington regional economy.

## Mandate and guiding document

The guiding document for Grow Wellington is the WRS, which was first published in 2007 and refreshed in 2012. Grow Wellington is the principal delivery agency for four of the six focus areas identified in the WRS. The other two focus areas are delivered by a variety of agencies, under the coordination of the WRS Office and Grow Wellington will have input as appropriate.

The focus areas and lead agencies for delivery of the WRS are:

<b>Commercialisation of innovation</b>	Grow Wellington
<b>Investment mechanisms for growth</b>	Grow Wellington
<b>Building world-class infrastructure</b>	WRS Office
<b>Attracting business, investment and talent to the region</b>	Grow Wellington
<b>Education and workforce development to service regional economy needs</b>	Grow Wellington
<b>Open for business</b>	WRS Office

The two focus areas for which Grow Wellington does not have lead responsibility are crucial to economic growth, and these impact directly on the ability of Grow Wellington and other agencies to deliver in the other four focus areas. Grow Wellington will therefore maintain a close interest in the activities being undertaken in these two focus areas. The governance of the strategy is the responsibility of the WRS Committee. The Committee was set up to facilitate leadership and partnerships that will give life to the strategy. The WRS Committee operates under the legal structure of the Greater Wellington Regional Council, on behalf of the councils of the region. One of the Committee's functions is to monitor the performance of Grow Wellington.

### Legal entity

Grow Wellington is a wholly-owned subsidiary of the Greater Wellington Regional Council, and is therefore a council-controlled organisation in terms of the Local Government Act 2002.

### Coverage

This Statement of Intent covers the Grow Wellington Group which is made up of Grow Wellington Ltd and Creative HQ Ltd, a wholly owned subsidiary of Grow Wellington. Creative HQ was established to incubate and assist start-up technology-based companies.

### Our purpose

The overarching purpose of Grow Wellington is to help both grow the Wellington region's economy, and to improve the Wellington region's 'international competitiveness'. This must be done in a way that is environmentally sustainable and socially responsible.

### Goals and outcomes

The New Zealand economy and Wellington regional economies are influenced by global economic and environmental factors beyond the control of Grow Wellington and its partners. Grow Wellington will use the intervention logic described below in conjunction with key

performance indicators to guide its engagement with activities which will materially increase the likelihood of achieving growth in the regional economy. This Sol, therefore, later describes the type of measures we will use and, where meaningful, includes numeric targets to indicate the desired quantum of progress within the 2013/14 financial year.

In order to achieve its goals, Grow Wellington relies on and enjoys the cooperation and participation of numerous economic development agencies, including local councils, Central Government, Chambers of Commerce, tertiary and research institutions, investors and private sector businesses. Grow Wellington will acknowledge the contributions and impact of its partners when progressing and reporting on specific activities or initiatives.

### Intervention logic

Grow Wellington, as a publically-funded organisation, has a duty to ensure that public money is applied legitimately to produce public benefit. Therefore the following principles will guide Grow Wellington on when it will intervene or undertake a programme of activity:

- when there is an identified area of market failure which Grow Wellington and its partners can meaningfully address;
- when application of public money can mobilise private and central Government resources to provide additional leverage, or represent the tipping point which catalyses valuable economic initiatives;
- when it can reasonably estimate quantifiable value in advance of action, and track performance;
- when it will augment and not compete with private sector in service delivery or projects, and does not encourage substitution of regional public money for private or Central Government money;
- when it can reasonably predict a legitimate, time-bound exit strategy; and

- when those activities will augment, rather than displace, existing activity.

## Scope of Operations

### Activity programmes

Grow Wellington will undertake programmes of activity that:

1. Build individual **business capability**, so that businesses become more capable of innovating and delivering new higher value products and services. This area of activity will include facilitating easier access to the capital and specialist resources required to be internationally competitive.
2. Build scale and increase connectedness in **high value-add sectors**. This area of activity will include company collaboration activities, sector-based roadmaps and projects, the identification and mobilisation of economic assets that are considered to be likely to raise productivity or create value-add opportunities
3. Proactively **attract new businesses, investment and talent** into the region, and work to retain existing high-value businesses that may be at risk of leaving. This area of activity will consist of targeted business and talent attraction programmes.
4. **Innovation and Workforce** – Grow Wellington will collaborate with the region's tertiary education system, research organisations, health boards, and local and central government to both catalyse business-led opportunities and enhance the regional skills base. This area of activity will include promoting the regional innovation ecosystem, introducing the value of design to local companies, and increase the supply of skills needed by the region's priority sectors.

### Activity programmes impact areas

A particular economic development programme will often impact on more than one of the WRS focus areas for which Grow Wellington has responsibility, as indicated in the following table (✓✓✓ = most impact, ✓✓ = meaningful impact, ✓ = related or downstream impact)

Activity Programme	WRS FOCUS AREAS			
	Commercialisation of Innovation	Investment Mechanisms for Growth	Business, Investment & Talent Attraction	Education & Workforce Development
Building business capability	✓✓	✓✓	✓	✓
Building sector scale & connectedness	✓✓	✓✓✓	✓✓	✓✓
Business, investment, talent attraction	✓✓	✓✓	✓✓✓	✓
Innovation and workforce	✓✓✓	✓	✓	✓✓✓

## Business Attraction and Retention

Grow Wellington will engage with the broader business community (large and small, entrepreneurial and institutional) in the development of a targeted attraction programme, including a marketing plan. Engagement with influencers and the business community will ensure:

- development of a clear proposition;
- buy-in from ambassadors of (and recruits to) the Wellington regional story; and
- telling of the Wellington regional story in a consistent way that will resonate with the target business demographic.

Grow Wellington will work in partnership with Positively Wellington Tourism (PWT) to develop the business and talent attraction programme. PWT has expertise in marketing and promotion and has connections with the tourism and hospitality community. Grow Wellington has expertise in business and sector development and has connections with the wider business community.

Over the period of this Sol, Grow Wellington will also deliver a targeted business attraction programme called 'Destination Wellington' under contract to the Wellington City Council. This will result in enhanced coordination, additional leverage and increased effectiveness of regional business attraction activities.

## Innovation

Grow Wellington's activity programmes all have a link to and impact on the region's innovative capacity. This concentration of Grow Wellington's attention on innovation is intentional, as innovation is recognized as being a key driver in raising Gross Domestic Product per capita.

Grow Wellington will enhance the regional innovation ecosystem with the aim of increasing the uptake of applied science, technology and engineering by businesses. The initial focus will be to understand the obstacles and opportunities for companies in the Wellington region. Focus will then shift to working in collaboration with others to develop intelligent solutions that may help

create wealth for existing companies, encourage new start-ups and attract talent and businesses to the region. This will include working closely with Local Authorities, research and tertiary institutions, government agencies (in particular MBIE, Callaghan Innovation and NZTE), businesses, incubators and accelerators, technology associations such as Technology Valley, investors and professional services companies to achieve measurable outcomes.

## Investment

Grow Wellington will work with existing investment groups and networks and the region's key industries in order to catalyse opportunities for attracting investment.

Grow Wellington will also use these relationships to create and enhance links between industry and investment networks to facilitate the investment process. Achieving a greater number of successful capital raising initiatives and increasing the level of companies that are ready for investment will make Wellington an even more attractive proposition for investors, particularly foreign direct investment.

## Target sectors and clients

International evidence shows that sectors or 'clusters' of related and supporting firms provide scale and increased productivity through efficient access to specialised inputs, services, employees, information, institutions, training programmes, and other 'public goods'. Grow Wellington will preferentially support businesses in sectors that have demonstrated value-add to the regional economy, and will also strive to identify and assist new areas of opportunity and high growth-potential companies. Grow Wellington will preferentially support sectors that have an existing base on which to build, that possess some degree of specialisation, distinctiveness or competitive advantage; and that provide higher than average wage and salary levels. Currently these sectors are:

- Creative/Film & Screen
- Digital/ICT
- High value manufacturing
- Food & Beverage



– Services

Grow Wellington will preferentially target its support within these or emerging sectors towards:

- existing businesses or initiatives that are innovative and have demonstrated high-growth potential;
- start-up companies that have a high chance of successfully commercialising intellectual property and innovation;
- high productivity/employee companies, offering higher wages and salaries;
- companies or initiatives that promote and retain value-add within the region; and
- export-oriented companies.

Grow Wellington will actively engage with all relevant stakeholders in the business, tertiary, research and Government (local, regional and national) sectors. It will also ensure that it specifically connects with and understands the perspectives and economic development objectives and opportunities of Māori as an increasingly important part of the region's economic base.

This programme of activities will include the delivering of events and promotions that assist sector growth while often at the same time serving to attract and retain high value individuals and capital within the region, , provide opportunities to grow the skills base in the region, facilitate business access to international markets, and boost the innovative and competitive image of the region internationally<sup>1</sup>.

## Organisational Competency and Health

### Governance of Grow Wellington and Creative HQ

The Grow Wellington Board reports to the Wellington Regional Strategy Committee. In accordance with Sections 57 and 58 of the Local Government Act, which sets out directions for the appointment and role of directors of Council Controlled

Organisations, the Grow Wellington Board was appointed in accordance with Greater Wellington Regional Council's policy. This policy requires a transparent process for the identification of directors' skills, their appointment and remuneration.

Recognising its governance responsibilities, the Board has established two sub-committees. The Audit, Finance and Risk Committee monitors financial, project, reputation and organisational risks, ensuring they are appropriately mitigated. The CEO Performance Committee monitors management performance.

The Chief Executive has the delegated responsibility for the day-to-day management of Grow Wellington and is assisted by staff as required. Grow Wellington may make use of external advisors from time to time.

All Board Directors will comply with the Code of Conduct set out in the New Zealand Institute of Directors' Code of Practice for Directors. Board Directors will be supported and encouraged to pursue training and development to enhance their effectiveness on the Board.

The above provisions also apply to Creative HQ, although the Creative HQ Board has not appointed any sub-committees, and executes all governance functions collectively as the Board. The Boards of Grow Wellington and Creative HQ will interact to ensure strategic alignment and statutory compliance.

### Economic information and analysis

A range of economic and business data, intelligence and analysis activities will be undertaken in-house or sourced from a variety of external providers.

Grow Wellington and the WRS Office will keep each other informed of their respective information needs and activities relevant to the WRS.

<sup>1</sup> As required by the terms of the Funding Deed with Greater Wellington Regional Council, and the Wellington regional Section 16 – Mediation Agreement, Grow Wellington cannot provide operational or capital expenditure for community facilities or events.

## Grow Wellington capabilities

In order to fulfil its purpose, Grow Wellington must be knowledgeable, clear about what it does and does not do, and be focused and efficient in its use of public money. Therefore, to achieve further improvements, Grow Wellington will:

- review its internal and partner skill base against the determined strategy;
- improve its information management and CRM and IT infrastructure;
- improve the commercial acumen of staff, to better understand commercial drivers and utilise existing networks;
- improve its project design and management capability;
- acquire better intelligence on the international environment and business models for exporters and business and talent attraction;
- improve its teamwork and sharing and discussion of information to enable staff to work effectively in cross-functional teams;
- develop programmes of activity rather than individual, reactive projects; and
- improve its current framework for prioritising projects and activities by:
  - providing a scale for differentiating between opportunities
  - matching the problem validation by the market with a solution validation by the market – ie, the involvement of a private sector anchor partner who believes that the solution has merit and value and should eventually be mostly private-sector funded
  - adding the requirement for a defined exit strategy.

## Information provided by Grow Wellington

In addition to governance of Grow Wellington by the Board, the company also provides the following information to the WRS Committee, to assist it in monitoring Grow Wellington's performance:

- Annual Statement of Intent, including financial forecasts for Grow Wellington Group;
- Half-Yearly Report – including an unaudited report on financials, presented in the same format as the Statement of Intent financials;
- Annual Report, including audited financials for Grow Wellington Group;
- Annual Financial Statements and Auditor's Report for Grow Wellington Group; and
- Additional reports and information to the WRS Committee as and when required.

Additionally, Grow Wellington is audited annually by an Auditor appointed by the Auditor General.



## MEASUREMENT

### Measurement frameworks

Consistent with the WRS, the prime measure of economic growth used by Grow Wellington is the Gross Domestic Product per capita of the region.

Grow Wellington acknowledges the Genuine Progress Index (GPI) as part of the monitoring framework for assessing the region's overall wellbeing. We recognise that financial and physical capital, while central to economic development impact, is only one of four types of capital (identified by Treasury in its 2011 paper<sup>2</sup>), the others being human, social and natural capital. Taken together,, these "four capital stocks...make up the national wealth of New Zealand". Grow Wellington will be mindful of these factors as they relate to its Goals and Outcomes. Grow Wellington notes that, in order to utilise data generated by the 2013 Census, the next GPI report will be published in early 2014.

Attention will also be paid to other measurement frameworks as they are published or developed - such as Treasury's 'Living Standards Framework', the 'Liveable Cities Index' etc - to determine if these frameworks suggest new activities or programmes for Grow Wellington.

### Responsiveness

Grow Wellington is cognisant of the need to maintain some flexibility within its activity programmes and resourcing so that it can respond in a timely manner to changes in its operating environment, or to take advantage of unforeseen opportunities. Some activities and projects will be of a trial or pilot programme nature, with the ultimate benefit and economic impact being confirmed throughout or at the end of the project. Project design will include review points to allow for projects to be modified or terminated. Some projects may be deferred or re-timetabled in response to changing circumstances or re-prioritisation.

### Grow Wellington service performance standards

The following table outlines the service performance standards for Grow Wellington in the 2013/14 financial year. The KPI target refers to activities and initiatives that are directly or largely within the control of Grow Wellington. The long term measure column lists the outcomes, measures or targets that will be used to evaluate the effectiveness Grow Wellington's activities over the three year period of the Sol.

When considering KPIs relating to increased employment, Grow Wellington's focus will be on generating gross increases in available or attracted jobs. The net employment situation in the region is more heavily dependent on public and private sector decisions beyond the influence of Grow Wellington.

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<sup>2</sup> Working Towards Higher Living Standards for New Zealanders', NZ Treasury Paper 11/02, May 2011

## Service performance standards

In the following table, the extent to which each of Grow Wellington's objectives and its corresponding Key Performance Indicator (KPI) impact on the Key result Areas of the WRS are shown according to the following key : (✓✓✓ = most impact, ✓✓ = meaningful impact, ✓ = related or downstream impact)

### Building businesses capability

Objective	Activity	2013/14 KPI target	Impact on WRS areas				Long term measure
			Comm Inn	Inv	Attr	Edu & W'force	
Increase businesses management capability	Deliver the NZTE Regional Partner Programme	<ul style="list-style-type: none"> <li>Manage allocation and approval of \$520k funding annually</li> <li>Minimum of 270 businesses connected to the Accelerate Success Programme</li> <li>90% customer satisfaction rate</li> <li>Positive feedback from NZTE</li> </ul>	✓✓ ✓	✓			Regional increases in <ul style="list-style-type: none"> <li>Firm Revenue</li> <li>FTEs</li> <li>GDP</li> <li>Export growth</li> </ul>
Enhance investment connections and capability	Design and deliver a programme that prepares businesses to pitch for investment and connects them to the investor community	Capital Providers Group formed. Twelve businesses presented with half successful in raising capital		✓✓ ✓			Regional increases in <ul style="list-style-type: none"> <li>\$ invested in ventures</li> <li>\$ investment per business</li> <li># business engaging in capital raising</li> </ul>
Provide additional value to businesses through an improved networking programme	Deliver an enhanced value oriented networking and referral model, including the on-going relationship management of Chamber partners, and the coordination of workshops / business growth clinics/events/seminars from service providers in key capability development areas	<ul style="list-style-type: none"> <li>12 clinics/workshops held across the region</li> <li>3 SME industry network groups formed and operational</li> <li>90% customer satisfaction rate</li> <li>Positive feedback from Chambers</li> </ul>	✓✓ ✓			✓	Increased collaboration Increased opportunity identification

## Building sector scale and connectedness

Objective	Activity	2013/14 KPI target	Impact on WRS areas				Long term measure
			Comm Inn	Inv	Attr	Edu & W'force	
Review strategies for priority sectors	Identify key gaps in priority and emergent sectors. Select opportunities for development and potential feasibility studies. Implement plans as defined.	Plans completed to year end requirements  Core programmes developed by sector (eg Optimising Manufacturing) and delivered with joint outsourced delivery and funding.	✓✓	✓		✓	
Assist in the development of a strategy for the Clean Tech initiative	A development approach is agreed with key stakeholders	MoU as to strategy direction and commitments from stakeholders is achieved	✓		✓		FTE employed regional spend
	The Clean Tech Centre (CTC) is active with science-based businesses or projects	Otaki CTC is at break even	✓✓	✓	✓	✓	New businesses attracted to Otaki, sector development
Increase sector based investment	Develop investment clusters to connect a group of high-growth potential businesses from within key sectors to investors (local or foreign)	Form two industry groups seeking investment, creating connections and introducing investors		✓✓			Regional increases in \$ investment per business and businesses engaging in capital raising
Business Retention	Develop business retention strategy	'Top 50' largest employers in Wellington identified and relationships established to identify their long term needs			✓✓	✓	Businesses and employment retained in Wellington
Managing the region's film friendliness and permit process	To manage enquiries, issue film and location permits and continue to advocate for Wellington as a film friendly region.	<ul style="list-style-type: none"> <li>600 film enquiries managed.</li> <li>85% satisfaction from Film Sector Survey</li> </ul>			✓✓	✓	Screen sector revenues increase.
Support events and identify follow up initiatives  (NB: Grow Wellington policy is to design and seed events, and then progressively pass	AnimfxNZ Conference	<ul style="list-style-type: none"> <li>300 attendees</li> <li>90 % satisfaction</li> </ul>	✓✓	✓	✓		Increased revenues in screen sector
	EdTech Conference	<ul style="list-style-type: none"> <li>200 attendees</li> <li>75% satisfaction (new event)</li> </ul>	✓✓	✓		✓	Increased revenues in export education and ICT sectors
	VISA Wellington on a Plate	<ul style="list-style-type: none"> <li>Increased local supplier participation</li> <li>Increased interest in food workforce</li> </ul>		✓	✓	✓	Event increasingly self sufficient with minimal

ownership to the private sector)		(participant numbers capped to maintain quality)					support from Grow Wellington
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## Business, investment, talent attraction

Objective	Activity	2013/14 KPI target	Impact on WRS areas				Long term measure
			Comm Inn	Inv	Attr	Edu & W'force	
Prepare attraction toolkit and processes	Develop regional and sub-regional value proposition	Information current and available, toolkit in place and functional			✓		A regional story is being promoted internationally
	Build partnership team	Channel partners engaged Build, equip and support ambassador pool			✓		A set of effective channel partner relationships are operating, contributing to lead generation and conversion
	Develop 'sales pipeline' targets and conversion process for business and investment attraction	Process in place; 20 business and investment attraction targets in pipeline Four in-market campaigns completed, with one expression of interest per campaign In conjunction with partners, host inbound attraction visits to Wellington		✓	✓✓ ✓		<ul style="list-style-type: none"> <li>Revenues created by new businesses</li> <li>FDI into Wellington propositions</li> <li>New jobs created</li> </ul> Value of firms establishing Wellington operations and relocating to the Wellington region
Proactive attraction conversion	Increase international student presence in conjunction with Education Wellington International and sector providers	5% increase over 2012 baseline of international students enrolled in Wellington region secondary and tertiary institutions			✓✓		<ul style="list-style-type: none"> <li>The region has 7% of international students in New Zealand</li> <li>Sector Economic impact of \$150M per annum</li> </ul>



	Activity	2013/14 KPI target	Impact on WRS areas				Long term measure
			Comm Inn	Inv	Attr	Edu & W'force	
	Talent attraction	Create a 'Talent Wellington' unit and develop strategy and process for attracting talent/entrepreneurs and high net worth individuals to	✓		✓✓	✓	<ul style="list-style-type: none"> <li>• Skilled entrepreneurs / migrants / ex-pats move to the Wellington region</li> </ul>
	Film Wellington enhances its business attraction role and capability	Film Wellington contributes to the attraction of screen production to Wellington with combined production value of \$10M		✓✓ ✓	✓✓	✓	<ul style="list-style-type: none"> <li>• Screen sector revenues increased</li> </ul>
Engagement with Māori	Develop a productive relationship with Māori	Grow Wellington and Māori are actively in dialogue with respect to investment objectives and opportunities		✓✓ ✓			

## Innovation and Workforce

Objective	Activity	2013/14 KPI target	Impact on WRS areas				Long term measure
			Comm Inn	Inv	Attr	Edu & W'force	
Match industry skills and demand	Regional skills shortage articulated to providers	Three new courses aligned with regional sector strengths				✓✓	
	Expand the PIPI initiative connecting Massey and Victoria Universities and creative sector businesses	10 % pa increase in numbers participating	✓			✓✓	Increase in Wellington-owned IP being optioned for global production and distribution
	Increase work-based learning	150 interns placed in target sector firms				✓✓	<ul style="list-style-type: none"> <li>20% of Intern placements per annum resulting in full time employment/FTE growth</li> <li>Business-led graduate retention programmes - 10% increase in newly qualified student numbers employed in the region</li> </ul>
Enhance the regional innovation system	Map innovation assets and potential	Interactive map publicly available Develop regional innovation scorecard	✓✓				GDP growth from new products and services \$ spent per annum on R&D
	Deliver Callaghan Innovation, TechNZ Regional Partner Programme	<ul style="list-style-type: none"> <li>Manage, refer, or approve \$2.4m R&amp;D funding annually</li> <li>90% customer client satisfaction rate</li> <li>Positive feedback from MBIE</li> </ul>	✓✓ ✓	✓✓			

	Facilitate a feasibility study into establishing innovation precincts within the city and region	Study completed and consultation on its recommendations	✓✓		✓	✓	
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Objective	Activity	2013/14 KPI target	Impact on WRS areas				Long term measure
			Comm Inn	Inv	Attr	Edu & W'force	
Commercialise IP through start-ups by part-funding and supporting Creative HQ to run a start-up incubator and accelerator	Incubation	<ul style="list-style-type: none"> <li>20 ventures supported through incubation</li> <li>Four high growth exits</li> <li>85% Client (incubatee) satisfaction as measured in annual survey</li> <li>NZTE rates Creative HQ amongst the highest performing incubators in New Zealand</li> </ul>	✓✓ ✓	✓			Total economic value generated by alumni businesses totals \$140m and cumulative lifetime totals \$600m <sup>3</sup>
	Acceleration	<ul style="list-style-type: none"> <li>25 Entrepreneurs through digital accelerator</li> <li>&gt;40% ventures invested post Demo Day</li> </ul>	✓✓ ✓	✓✓			
	Science commercialisation, in partnership with tertiary sector	<ul style="list-style-type: none"> <li>35 Project Evaluations through region's institutions and universities</li> <li>Five new incubation ventures</li> </ul>	✓✓ ✓	✓			
	Campus Bootcamps	<ul style="list-style-type: none"> <li>40 Students through bootcamp.</li> <li>Three start ups</li> </ul>	✓✓			✓	

<sup>3</sup> Economic value is calculated from alumni venture results as (revenue + salaries + investment) x 2, and is a measure used by NZTE in initially measuring the EVA of incubators

Increase contribution of knowledge assets to regional economy	In conjunction with Business Central participate in the Knowledge Business Committee <sup>4</sup> to engage tertiaries in business problem-solving and innovation	3 knowledge driven projects derived and sponsored by major knowledge institutions	✓✓			✓✓	
	Investigate 'Earn and Learn' programmes with tertiaries	Feasibility study completed and accepted by tertiaries	✓			✓✓	
		Graduate retention and revolving door strategies developed				✓✓	

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<sup>4</sup> The Knowledge Business Committee was initiated by the Wellington Employers' Chamber of Commerce (now Business Central) and is made up of Vice Chancellors and senior leaders from the tertiary sector. The focus is on creating on links between the tertiary and businesses sectors.

## Financial Performance

### Assumptions underpinning the Financial Performance statements

The prospective financial statements comply with Financial Reporting Standard No. 42 – Prospective Financial Statements. The following are the key assumptions used in preparing this Sol.

- There will not be any significant changes in planned service levels.
- There will be no major changes to key legislation affecting Grow Wellington activities.
- Asset lives will be in accordance with Grow Wellington's accounting policies.

The prospective financial information contained in this approved Statement of Intent is based on assumptions that Grow Wellington Limited reasonably expect to eventuate. Actual results are likely to vary from the information presented and these variations may be material.

Income levels for the 2013/14 year are set at the same as 2012/13.

changes to be made in the Ministry of Business, Innovation and Employment in the coming year. It is possible that some of the grant funding contained in the prospective financial statements may not eventuate. If this occurs programmes will be cut back to accommodate for the loss of revenue.

The Company is reliant for a large part of its revenue from its 100% shareholder, the Greater Wellington Regional Council (GWRC). The Company is reliant on GWRC continuing to support the region's economic development activity via the company. GWRC has included funding for economic development for ten years in their 2012/22 long term plan. Income levels from the GWRC are set at the level of the previous year meaning that, given price and wage inflation on the Expenses side, Grow Wellington is effectively under a sinking lid situation with regard to financial headroom.

Grow Wellington and Creative HQ receive revenue from Government agencies to provide services on their behalf, including the allocation or management of grants that may be made available to client businesses. There is some uncertainty around income from Central Government departments, given the structural and operational



**Grow Wellington Group  
Prospective Statement of Comprehensive Income**

	<b>FY 2014 Budget \$000s</b>	<b>FY 2015 Forecast \$000s</b>	<b>FY 2016 Forecast \$000s</b>
<b>Revenue</b>			
Greater Wellington Regional Council	4,000	4,000	4,000
Grant and other funds	2,677	3,097	3,367
Destination Wellington contract	900	900	-
<b>Total Revenue</b>	<b>7,577</b>	<b>7,997</b>	<b>7,367</b>
<b>Expenditure</b>			
Building business capability	1,096	1,310	1,310
Building sector scale and connectedness	1,086	1,020	1,020
Business, investment, talent attraction <sup>1</sup>	3,661	4,147	3,517
Innovation and workforce <sup>2</sup>	1,734	1,520	1,520
<b>Total Expenditure</b>	<b>7,577</b>	<b>7,997</b>	<b>7,367</b>
<b>Profit Before Income Tax</b>	-	-	-
Income tax expense	-	-	-
<b>Profit for the year</b>	-	-	-
Other comprehensive income	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> includes Destination Wellington expenditure

<sup>2</sup> includes Grow Wellington's funding to Creative Hq

**Grow Wellington Group  
Prospective Statement of Change in Equity  
Retained Earnings**

	<b>FY 2014 Budget \$000s</b>	<b>FY 2015 Forecast \$000s</b>	<b>FY 2016 Forecast \$000s</b>
Balance at 01 July	57	57	57
Total comprehensive income	-	-	-
<b>Balance at 30 June</b>	<b>57</b>	<b>57</b>	<b>57</b>

**Grow Wellington Group**  
**Prospective Statement of Financial Position**

**FY 2014**   **FY 2015**   **FY 2016**  
**Budget**   **Forecast**   **Forecast**  
**\$000s**   **\$000s**   **\$000s**

**Assets**

**Current**

Cash and cash equivalents	463	463	463
Trade and other receivables	561	561	561
<b>Total Current Assets</b>	<b>1,024</b>	<b>1,024</b>	<b>1,024</b>

**Non Current**

Property, plant & equipment	150	150	150
Investments in accelerators	-	-	-
Intangible assets	16	16	16
<b>Total Non-Current Assets</b>	<b>166</b>	<b>166</b>	<b>166</b>

**Total Assets**

**1,190**   **1,190**   **1,190**

**Liabilities**

**Current**

Trade and other payables	773	773	773
GST payments due	33	33	33
CHQ Incubatee bonds	20	20	20
EWI Trust	67	67	67
Employee entitlements	240	240	240
<b>Total Current Liabilities</b>	<b>1,133</b>	<b>1,133</b>	<b>1,133</b>

**Total Liabilities**

**1,133**   **1,133**   **1,133**

**Net Assets**

**57**   **57**   **57**

**Equity**

Retained earnings	57	57	57
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**Total Equity**

**57**   **57**   **57**

<b>Grow Wellington Group Prospective Cash Flows</b>	<b>FY 2014 Budget \$000s</b>	<b>FY 2015 Forecast \$000s</b>	<b>FY 2016 Forecast \$000s</b>
<b>Cash Flows from Operating Activities</b>			
<b>Inflows</b>			
Greater Wellington	4,672	4,600	4,500
Grant and other revenue	2,677	3,097	3,367
Destination Wellington contract	900	900	-
<b>Cash Inflows from Operating Activities</b>	<b>8,249</b>	<b>8,597</b>	<b>7,867</b>
<b>Outflows</b>			
Payments to Suppliers and Employees	8,249	8,597	7,867
GST Net	-	-	-
<b>Cash Outflows from Operating Activities</b>	<b>8,249</b>	<b>8,597</b>	<b>7,867</b>
<b>Net Cash Flows From (Used in) Operating Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>			
<b>Inflows</b>			
Intercompany Balance	-	-	-
<b>Outflows</b>			
Purchase of property, plant and equipment	-	-	-
<b>Net Cash Flows From (Used in) Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	-	-	-
Cash and Cash Equivalents at beginning of year	463	463	463
<b>Cash and Cash Equivalents at End of Year</b>	<b>463</b>	<b>463</b>	<b>463</b>

## Notes to the Financial Performance Statements

### Accounting Policies

Any accounting policies adopted in the prospective financial statements in this statement of intent (SOI) that have a significant effect on results and financial position disclosed are set out below:

### Reporting Entity

The prospective financial statements presented are for the Grow Wellington Limited group which includes the wholly owned subsidiary Creative HQ Limited.

The Companies are incorporated in New Zealand under the Companies ACT 1993. Both are domiciled in New Zealand and operate from Wellington. Grow Wellington Limited is owned by the Greater Wellington Regional Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002.

The main purpose of the prospective financial statements in the SOI is to provide our owners, stakeholders and readers with information about the expected costs of the activities we undertake as designated by the Wellington Regional Strategy. The information in these statements may not be appropriate for purposes other than those described.

For the purposes of reporting Grow Wellington Limited and Creative HQ Limited are designated public benefit entities.

### Basis of Preparation

The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand and have been prepared on an historic cost basis.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

The Company qualifies for Differential Reporting exemptions as it has no public accountability, and is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted except for NZ IAS 7 - Cash Flow Statements.

### Significant Accounting Policies

#### a) Revenue Recognition

The Greater Wellington Regional Council contributions in the Statement of Comprehensive Income are recognised as revenue on entitlement as conditions pertaining to expenditure have been fulfilled.

Other revenue includes grants which are recognised on entitlement as conditions pertaining to eligible expenditure and milestones achieved.

#### b) Property, Plant and Equipment

Costs include expenditure that is directly attributable to the acquisition.

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the future economic benefits or service potential will flow to the company and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the statement of comprehensive income.

#### c) Depreciation

Depreciation is charged on a straight line basis on all property, plant and equipment other than land over the estimated useful life. Depreciation is charged to the statement of comprehensive income.

The useful lives and associated depreciation rates have been estimated as follows:

Computer Hardware 2-3 years  
Equipment 2-8 years  
Furniture 4-10 years

#### d) Intangible Assets

Intangible assets that are acquired, which have a finite useful life, are measured at cost less accumulated amortisation and accumulated impairment losses. The useful lives and associated amortisation rates have been estimated as follows:

Computer software 1-3 years

Amortisation is recognised in the statement of comprehensive income on a straight line basis over the estimated useful lives of intangible assets.

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense when incurred.

#### e) Impairment

All assets are reviewed annually for internal and external factors that may indicate that the service potential of the asset may be impaired. Impairment losses are recognised in the statement of comprehensive income.

#### f) Trade and Other Payables

Trade and other payables are stated at amortised cost.

#### g) Employee Benefits

*Short-term benefits*

<p>Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominated value based on accrued entitlements at current rates of pay.</p>	<p>to initial recognition, these instruments are measured as set out below:</p>
<p>These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, expected to be settled in 12 months and sick leave.</p>	<p>Non-Derivative Financial Instruments comprise investment in equity, trade and other receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial liabilities are recognised at amortised costs using the effective interest method.</p>
<p>The Company recognises a liability for sick leave to the extent that the compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent the Company anticipates it will be used by staff to cover those future absences.</p>	<p>The company does not have any derivative instruments.</p>
<p>The Company recognises a liability and an expense for bonuses where they are contractually obligated or where there is a past practice that has created a constructive obligation.</p>	<p>k) Income Tax</p> <p>Any income tax expense recognised in the statement of comprehensive income is the estimated income tax payable in the current year, adjusted to any difference between the estimated and actual income tax payable in prior periods.</p>
<p>h) Cash and Cash Equivalents</p> <p>Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.</p>	<p>l) GST</p> <p>All amounts are shown exclusive of GST, except for trade receivables and trade payables that are stated inclusive of GST. When GST is not recoverable as input tax then it is recognised as part of the related asset or expense.</p>
<p>i) Trade and other Receivables</p> <p>Trade and other receivables are treated at their cost less impairment losses. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts according to the original terms of receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flow discounted using effective interest method. Receivables with a short duration are not discounted.</p>	<p>Cash flows are included in the cash flow statement on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.</p>
<p>j) Financial Instruments</p> <p>Financial instruments are initially measured at fair value plus transaction costs. Subsequent</p>	<p>m) Expenses</p> <p>An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total expenses of the lease expense, over the term of the lease.</p> <p>Finance income comprises interest income that is recognised in the profit or loss. Interest income is recognised as it accrues, using the effective interest method.</p>



# APPENDIX A - ECONOMIC CONTEXT

This data, provided by Infometrics, summarises the most recent economic snapshot of the Wellington region.

## Infometrics WELLINGTON AT A GLANCE 2012

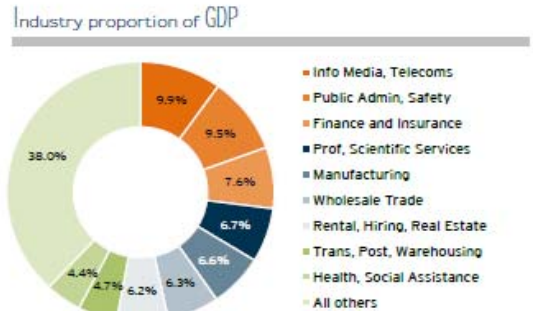
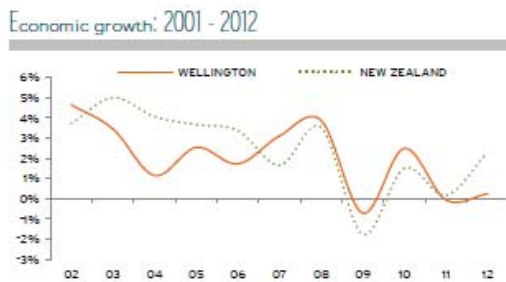
### economy

**GDP**

**\$20,050** | **13.9%**  
million in 95/96 prices | of national GDP

Economic growth annual average % change

	2012	Since 2001
WELLINGTON	0.2%	2.0%
NEW ZEALAND	2.3%	2.5%



Biggest contributors to economic growth since 2002

Public Administration and Safety	\$768
Financial and Insurance Services	\$255
Health Care and Social Assistance	\$232
Retail Trade	\$190
Transport, Postal and Warehousing	\$171
All other industries	\$1,600
<b>Total increase in GDP</b>	<b>\$3,216</b>

### labour market

**Total employment**

**260,115** | **12.0%**  
number of jobs | of national employment

Employment growth annual average % change

	2012	Since 2001
WELLINGTON	-0.1%	1.2%
NEW ZEALAND	1.2%	1.7%



Industries which created most jobs since 2002

Public Administration and Safety	8,488
Professional, Scientific and Technical Services	6,350
Education and Training	5,175
Health Care and Social Assistance	4,651
Construction	4,444
All other industries	789
<b>Total increase in jobs</b>	<b>29,897</b>

Self-employment

	EMPLOYEES	SELF-EMPLOYED	% SELF-EMPLOYED
WELLINGTON	222,018	38,097	14.6%
NEW ZEALAND	1,796,179	362,964	16.8%



# productivity

Infometrics

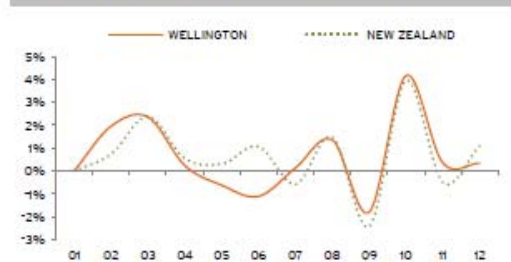
GDP per employee

**\$77,080** | **\$67,029**  
Wellington | New Zealand

Productivity growth annual average % change

	2012	Since 2001
WELLINGTON	0.3%	0.7%
NEW ZEALAND	1.1%	0.7%

Productivity growth rate: 2001 - 2012



# business units

Infometrics

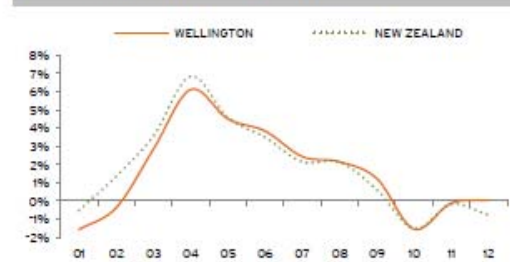
No. business units

**51,848** | **10.3%**  
Wellington | of NZ total

Growth in business units annual average % change

	2012	Since 2001
WELLINGTON	0.0%	1.6%
NEW ZEALAND	-0.8%	1.8%

Growth in business units: 2001 - 2012



# population

Infometrics

Total population

**490,100** | **11.1%**  
persons | of NZ population

Annual population growth annual average % change

	2012	Since 2000
WELLINGTON	0.5%	1.0%
NEW ZEALAND	0.6%	1.2%

Growth in population: 2001 - 2012 annual average % change



Source of population growth 2001 - 2012

	WELLINGTON	NEW ZEALAND
NATURAL INCREASE	3,300	31,100
NET MIGRATION	-880	-3,200
TOTAL	2,420	27,900

# standard of living

Median annual earnings 2011

**\$56,260** | **\$49,900**  
Wellington | New Zealand

Annual earnings growth annual average % change

	2011	Since 2000
WELLINGTON	3.2%	3.8%
NEW ZEALAND	2.9%	2.4%

Median house prices



Housing affordability ratio of median house price to median annual earnings

