



# GROW WELLINGTON

## HALF YEARLY REPORT

FOR THE FIRST HALF OF THE 14/15 FINANCIAL  
YEAR ENDED DECEMBER 2014



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# Introduction



Over the last few years Grow Wellington has expanded from being a business support agency to championing Wellington's economic growth, based on what the region is good at and what we can get behind to make a difference. This report highlights our activity over the last six months.

Given the characteristics of our region's people and industries, we believe that the route to increased prosperity is to make ideas the currency of Wellington, and to capitalise on our creative, innovative and technical strengths.

Our key goals are to increase jobs, increase median productivity per employee, and increase export revenues and profit.

In the last six months we have made a number of key appointments to existing roles to fit our broadened perspective, and the team continues to gain momentum. It is important to note that economic development is a long term game and the impact of our interventions takes time to come to fruition.

Our programme of activity is designed to build business and sector capability, attract and retain significant businesses and talented people, address critical workforce issues for our priority sectors, and to increase the level of innovation occurring within the region.

We are currently undertaking specific projects to strengthen priority sectors, such as pulling together New Zealand's first manufacturing product accelerator based on the successful Lightning Lab model. Our startup base Creative HQ is running an initiative to embed innovative methodology into Government through its Result Area 9 business transformation project.

An appropriately skilled workforce is central to economic growth, and we are developing strategic approaches to support the region and its businesses in recruiting, retaining and developing skilled people.

Over the next year we will also run the 10th AnimfXNZ conference here in Wellington. There is scope to develop more signature events around our key sectors to bring talent, influencers and business decision makers to our region.

We will be showcasing Wellington offshore with campaigns in the US, Australia, China, Vietnam and Taiwan to attract business, investment, talent and students.

We know that city regions around the world with a shared vision and sense of identity perform better in terms of job creation and wealth. The Grow team is welcoming the transition to WREDA (Wellington Regional Economic Development Agency) and the opportunity that the region will have to develop that unifying vision.

*Gerard Quinn, Chief Executive*

# Economic overview



Like New Zealand as a whole, economic activity in Wellington continued to expand steadily over the first half of the 2014/15 year.

Recent data released shows the slow period following the Global Financial Crisis is behind us and the outlook is positive with businesses and households optimistic about the future.

Increased certainty around public sector spending, reports of new businesses starting and signs of continued low interest rates and falling oil prices are reasons for the growing confidence, although the Wellington housing market and retail activity remains relatively subdued.

Wellington's iconic screen and ICT sectors are continuing their expansion and the construction sector in particular is showing signs of buoyancy due largely to earthquake strengthening,

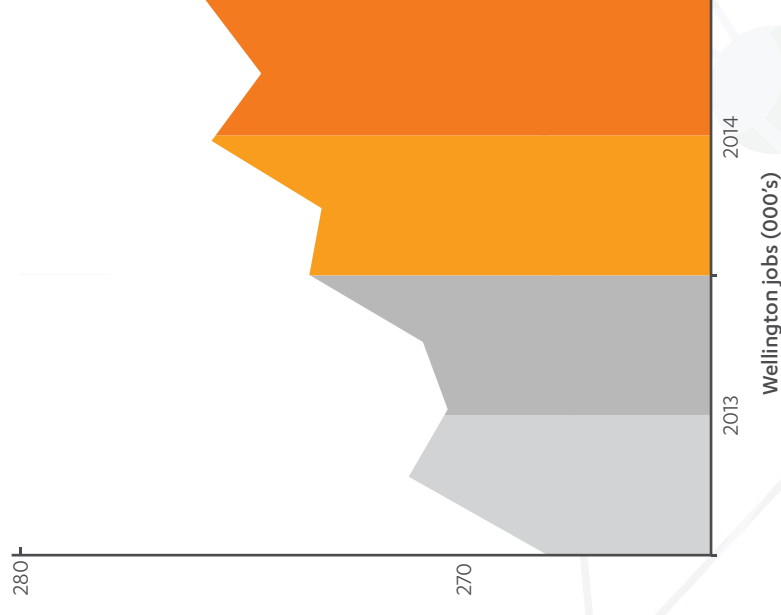
the state highway roading projects and the Canterbury rebuild.

Job growth is steady, running at 0.8% annually, the equivalent of 2,500 new jobs compared with the same time last year. Employers are still reporting skill shortages although these have shown signs of easing.

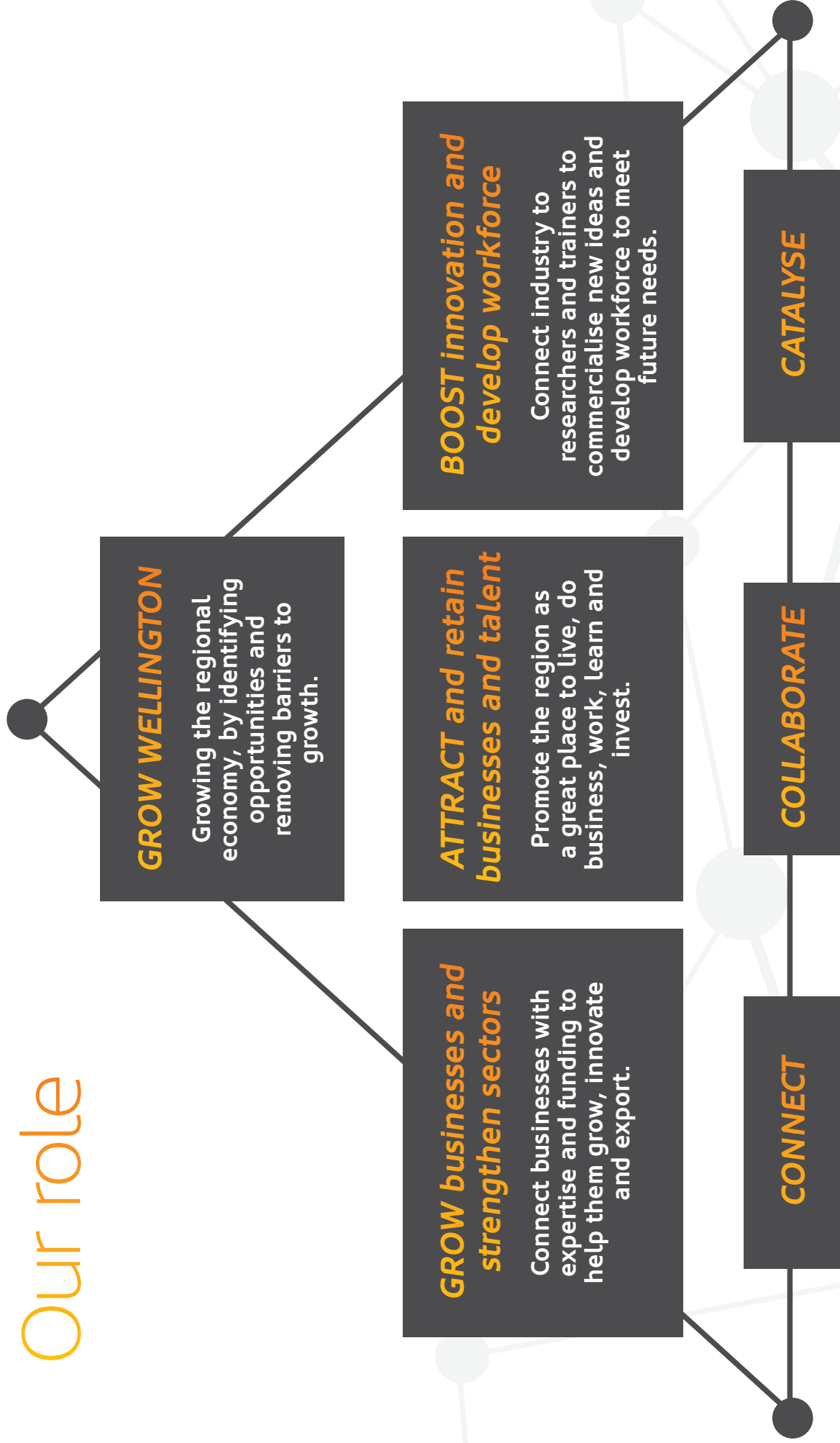
Wellington is currently experiencing population growth driven by net inward migration which has contributed to the improved activity and employment numbers.

While Wellington's performance and outlook are good, the region's economy is not growing as fast as some other parts of the country. Grow Wellington's programme of activity is geared towards increasing this growth.

*Jeremy Harding, Economic Strategy Manager*



# Our role



# Our people



- Top: Sarah Pearce (CHQ), Emma Murray, Christine Pugh, Andrew Carpenter, Kate Miller, Cath Randall, Meredith Elley, Katie Frost, Claire Faulk
- Middle: Jeremy Harding, Adrian Gregory, Adelle Kenny, Heidi Morton, Tan Huynh, Dorien Vermaas, Matthieu Carrere, Brook Pannell, Allison Ralph-Smith, Angela Brownie, Aaron McLeigh, Lisa Crombie
- Bottom: Melanie Borich, Alan Hucks (CHQ), Melissa Davies, Alex Aitken, Robyn Cormack, Gerard Quinn, Liz Denton, Rochelle Maroon, Joanna McLeod, Alex McKenna, Grant Lumsden

Key appointments to Grow Wellington in the second half of the financial year: Robyn Cormack, General Manager, Marketing and Communications; Adelle Kenny, Talent Manager; Meredith Elley, Sector Development Manager, for ICT, Screen and Digital; Vanessa Young, R and D Investment Manager.

# Growing businesses

## RESULTS

- 75 businesses participated in business clinics
- Sponsored 3 business awards: Kapiti, Porirua and Hutt Valley
- 10 businesses participated in investment clinics
- 20 businesses participated in export growth series
- Connected businesses with \$3.1 million research and development grant funding



## Growing businesses



Angela Brownie, General Manager, Business Growth, presents the New Thinking Award at the Electra Kapiti Horowhenua Business Awards in October 2014.

Previous page: Dorien Vermaas, Business Growth Manager, Screen and Digital, talks to James Manttan of Dusk VFX.

Grow Wellington has strong connections with the business sector, and is the 'go to' organisation for companies seeking advice and help on how to grow, innovate and export.

We are the regional business partner for New Zealand Trade and Enterprise (NZTE) and Callaghan Innovation. In this role we work with businesses across the Wellington region to help them gain access to the expertise they need to build capability.

Over the first half of the year we have connected businesses with \$3.1 million worth of research and development grant funding.

Businesses tell us they derive immense value from connecting to our networks with other businesses, service and capital providers, industry associations, chambers of commerce and research institutes. Their feedback shows that as a result of the support they receive from us, they are able to win new business and to develop new and useful relationships including joint venture partnerships.

**"Thank you for your help this year. It has been of genuine practical benefit to us. The biggest help has been an introduction to an advisor who worked with us on the pitching and tender process. This helped us win two major jobs and has put us in a very strong position to win others. We also appreciate the introduction to a web development company with whom we are now working on a number of projects."**

*James McLean, Story Inc*



### Business clinics

Over 75 businesses from around the region participated in our business clinics, covering market validation, developing directors' skills, bootstrapping business, leveraging social media, and developing people and culture.

Many of the businesses participating in our clinics go on to leverage Regional Business Partner programme funding to further develop their own in-house capability in these areas.

### Investment capability

In September, we continued our Investment Breakfast Series, targeting companies committed to raising capital. Over three sessions, experts advised participants on strategy, governance, legal and financial structures to best position their businesses for investment.

Several businesses are now seeking investment and results will be known in the second half of the year.

We are also scoping a new programme for businesses to develop their pitching skills to attract investors, board members and strategic partners. The workshops will be available to Creative HQ (CHQ) and Grow Wellington clients.

### Export growth

Our export essentials workshops were launched this year, for businesses to learn about export strategy, financing, regulations, compliance, distribution and market validation. We also held a market specific session on the India market, one of the top 10 potential markets for exporters in the region.

The purpose of the workshops is to help participating businesses grow to a size that enables them to access specialist export support from NZTE.

The workshops were developed in partnership with the Wellington Employers Chamber of Commerce, Export NZ, ANZ Bank, Ministry of Foreign Affairs and Trade and NZTE.

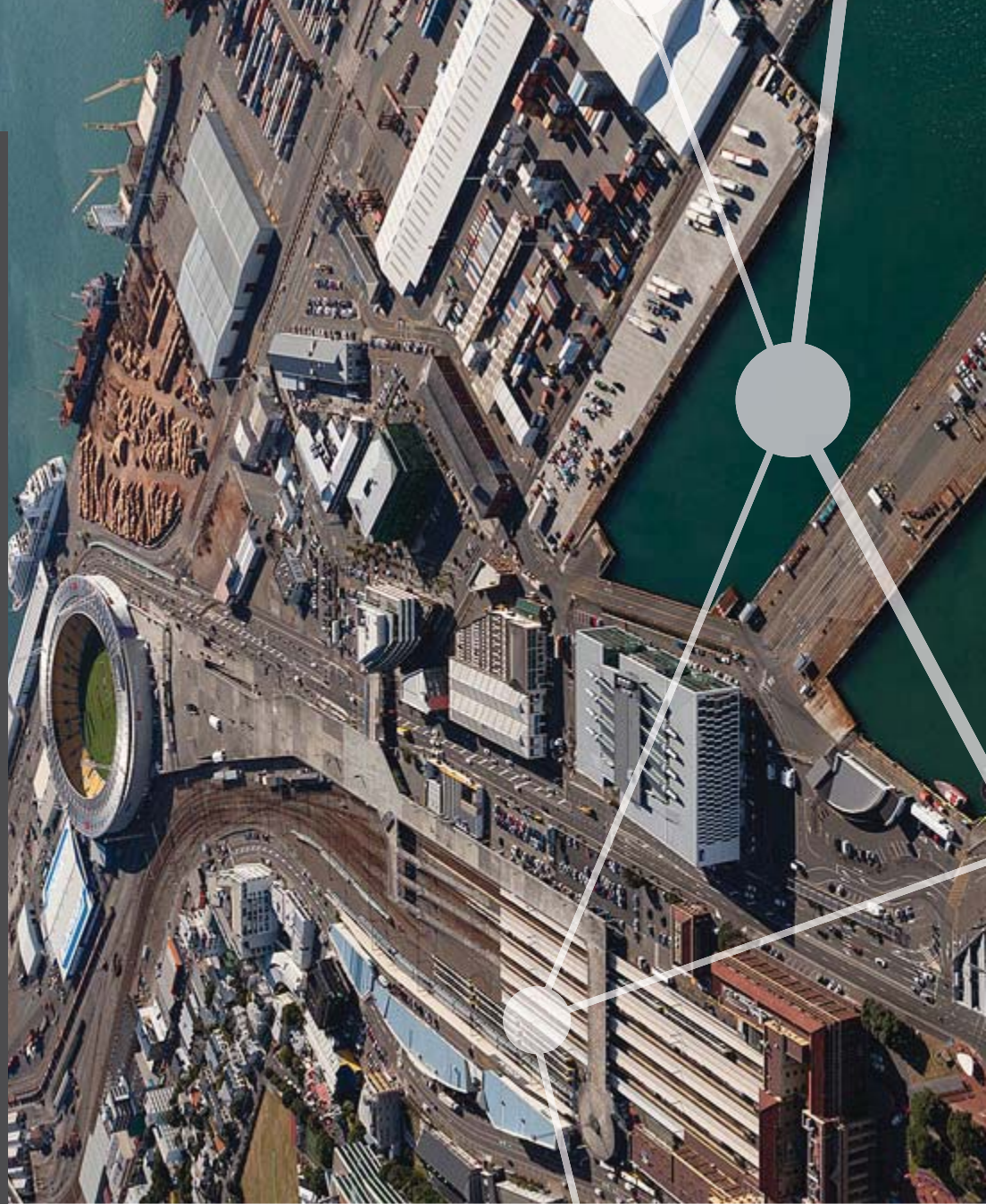


Claire Faulk, Business Growth Manager, ICT, talks to Jason Gleason of Eight Wire.

# Developing priority sectors

## RESULTS

- Established agri-foods cluster
- Assisted Southern North Island Wood Council to become a legal entity
- Co-ordinated collective energy buying plan for food and beverage manufacturers
- Established digital manufacturing cluster
- Developed product and manufacturing accelerator concept
- Hosted Dr Alvy Ray Smith, founder of Pixar, in Wellington
- Handled 614 film enquiries



## Primary

Building sector scale and strength is one of our key roles. We bring together industry groups and hold events, workshops and forums that allow businesses to share expertise, collaborate and do business. Within sectors we identify areas where new value and opportunities can be realised.

In the primary sector our efforts are focused on improving profitability and increasing market connections for producers.

### Agri-Foods

We have led the establishment of a cluster of food and agricultural businesses in Kapiti-Horowhenua. The cluster is made up of both large and small businesses interested in collaborative opportunities. Since its inception in July 2014, the cluster has worked on a charter documenting how the members will work together and have decided to focus on food safety regulations and compliance, and maximising market opportunities through collaboration.

### Land partnership

We introduced Landcorp, a state-owned agricultural organisation, and Te Tumu Paeroa, which works with owners of Maori land to protect and build their assets, to a development opportunity to increase the level of productive sheep milking in Wairarapa.

We also connected Te Tumu Paeroa with the largest horticultural producer in the region, for which it is assessing land availability in the Otaki district to expand its operation.



Geoff Copps, Primary Sector Development Manager, talks to Richard Kershaw of Moiki Farm about market opportunities for seed onions.

Previous page: photo, CentrePort Wellington.

## Southern North Island Wood Council

We are providing interim administration for the Southern North Island Wood Council, a collective of timber producers, while it becomes established. The Council was formed early in 2014 and has now become a registered entity. It has started developing policy aimed at improving industry safety standards.

## Producer groups

We worked with the Wagyu Beef Producer Group to explore expansion of Wagyu beef production in the Wellington region, further cementing the region's reputation for premium food products.

We developed a concept document for arable farmers on grain drying and have begun industry research to assess the size of this market opportunity in the Wairarapa. Field visits around the country have shown the concept is worth exploring further and have attracted interest from potential investors.

## Wairarapa Water Use Project

We have played a key role in this long-term project, which is investigating the viability of a multi-purpose water scheme for Wairarapa to collect and store water then distribute it for a variety of economic and community uses, including irrigation. Our Primary Sector Manager Geoff Copps is seconded to work part-time in the project team with farmers to assess the production and processing opportunities that could arise from improved irrigation.

Reports from preliminary studies into the likely effects of new water schemes and increased irrigation proposed for Wairarapa under the Wairarapa Water Use Project show potential economic growth, social change and recreational opportunities.



# Manufacturing

Wellington's manufacturing sector is diverse and capable. Our activity is focused on improving manufacturers' competitiveness through innovative product development, collaborating with the digital sector to find new opportunities and helping companies identify export markets.

## Manufacturing groups and events

We have continued working with the Wellington Food and Beverage Association, developing a group buying plan to optimise energy purchasing options.

We helped Greytown Lands Trust develop a strategic business case for their proposed Food Hub and introduced them to their foundation tenant. We see our role in the future as promoting the hub to early stage food producers in the region.

We established a cluster of digital manufacturers who share strong enthusiasm for future collaboration, learning and networking.

We co-hosted a manufacturing business breakfast event with Hutt City Council and Manufacturing NZ. Goran Roos, one of the world's leading experts on strategy and innovation in the manufacturing sector, spoke to the group about the direct effect of trends which are driving global manufacturing, and what New Zealand needs to do to thrive.

## Visa Wellington On a Plate

The sixth Visa Wellington On a Plate festival was held in August. The festival's events and awards celebrate and profile Wellington's food, beverages and hospitality. Grow Wellington and Positively Wellington Tourism founded the



The Hannah's Laneway Banquet, one of the Visa Wellington On a Plate 2014 events that showcased the region's food and beverage products.

## Developing priority sectors



Manufacturing expert Coran Roos featured at the breakfast event we hosted for manufacturing businesses (previous page).

festival, and this year handed over management to the Wellington Culinary Events Trust. We continue to provide financial support and help organise the Supplier Showcase, where food and beverage producers showcase their products to restaurateurs and retail buyers before the festival. Planning for the 2015 festival is underway, kicking off with the Visa Wellington On a Plate Supplier Showcase in February.

digital companies, applied to physical product development.

Councils around the region are being briefed on the programme to gauge partnership opportunities.

## Clean technology

We completed a review of our activities associated with Otaki's Clean Technology Centre in the first half of 2014. As a result of this, we changed the way we support clean tech businesses within the region.

## Lightning Lab Product Manufacturing Accelerator

Our manufacturing sector strategy released in 2014 identified a lack of startup activity across the region. We developed a concept aimed at boosting startup activity using Creative HQ's Lightning Lab Acceleration format for

The newly formed independent Association of NZ Clean Technology Industries (ANZCTI), based in Otaki, has agreed to continue to develop and run a new Clean Technology Centre. The new centre will be fully funded from private investment.

## ICT, Screen and Digital

Wellington's tech sector is thriving, with the highest concentration of web-based and digital technology businesses in New Zealand, and it has the potential to drive growth across the region's economy. Our regional film office, screen and digital events, and internship programmes continue to strengthen Wellington's internationally renowned screen and digital sector.

### AnimfxNZ

AnimfxNZ is an animation, games and visual effects (VFX) conference that brings together some of the biggest and brightest names in the global digital entertainment industry for learning, sharing and networking. The event was organised by Grow Wellington with the support of the GAV Trust, PikPok, Weta Digital, NZTE and the New Zealand Film Commission. Industry representatives have told us the conference is pivotal to supporting growth, particularly in Wellington.

Speakers included internationally renowned leaders in ICT, screen and digital, including Dean DeBlois, writer and director of *How to Train Your Dragon*, sound composer Stephan Schütze,

nanotechnologist Michelle Dickinson, Managing Director of PikPok gaming company Mario Wynands and a team from Weta Digital. Massey and Victoria University graduates from the PIPi writers programme, which we helped establish in 2012, had the opportunity to pitch their game and television concepts to the audience.

In 2015, AnimfxNZ will celebrate its 10th anniversary.

**"Knowledgeable, entertaining and provocative presentations."**

**"An amazing inspirational speaker and some great journey discussions."**

**"I made or reinforced a variety of valuable contacts that may lead to deals being struck over the next couple of years."**



A panel discusses animation at the Animfx conference in November. Left to right: Dean de Blois, Andrew Smith, Michael Polis, Fabian Erlinghauser and Chrissy Metge.

Attendee feedback

## Project Connect – Dr Alvy Ray Smith

In December we teamed up with Auckland University of Technology to host the first of their Project Connect Wellington networking events featuring Dr Alvy Ray Smith as keynote speaker. Dr Smith is a pioneer in the field of computer graphics and co-founded Pixar and Altamira. This sold-out event was an opportunity to hear Dr Smith's Pixar journey and to inspire innovation across the region's tech and digital industries.

We will continue to work with Project Connect to bring similar events to Wellington.

We also sponsored screen industry events including the Animation Education Summit and



Alvy Ray Smith, founder of Pixar, speaks at a networking event in Wellington.



## Developing priority sectors



Our Sector Development Manager for ICT, Screen and Digital Meredith Elley (second from right in the back row) joined the NZ Film Commission-led delegation to China, taking the opportunity to assess the size and potential of the Chinese co-production market.

the Screen Production and Development Association (SPADA) Conference Masterclass with producer Angus Finney.

### China Screen delegation

We participated in the New Zealand Film Commission-led delegation to China visiting Guangzhou, Shanghai and Beijing in early December to explore potential co-production activity.

This gave us the opportunity to assess the size and potential of the market, understand barriers and challenges to operating in China and to identify market strategies based on content creation and revenue generation.

We were also able to gauge short, mid and long term opportunities in film, TV, animation, post production, games, visitor attraction and transmedia.

### Hosting Indian ICT delegation

With the India New Zealand Business Council and accountancy firm Grant Thornton, we co-hosted a tech delegation from the State of Kerala, India. The delegation contained 13 representatives of software companies from the industry body GTech. Visitors

were able to meet with Wellington-based companies to discuss tech partnerships. The group was impressed by their visit and is keen to return.

## Film Wellington

Grow Wellington's film office works to make filming easy in the Wellington region, issuing film permits, providing location advice and connecting filmmakers to services.

Between 1 July and 31 December 2014, we handled 614 enquiries and issued 96 location permits. This represents a 151% increase in enquiries compared to the same period in the previous year.

## Filming enquiries

Film Wellington works with councils to establish a 'film friendly' reputation for providing excellent service to productions coming into the Wellington region. In the last half year we

worked with the region's councils to develop a Memorandum of Understanding around our processes.

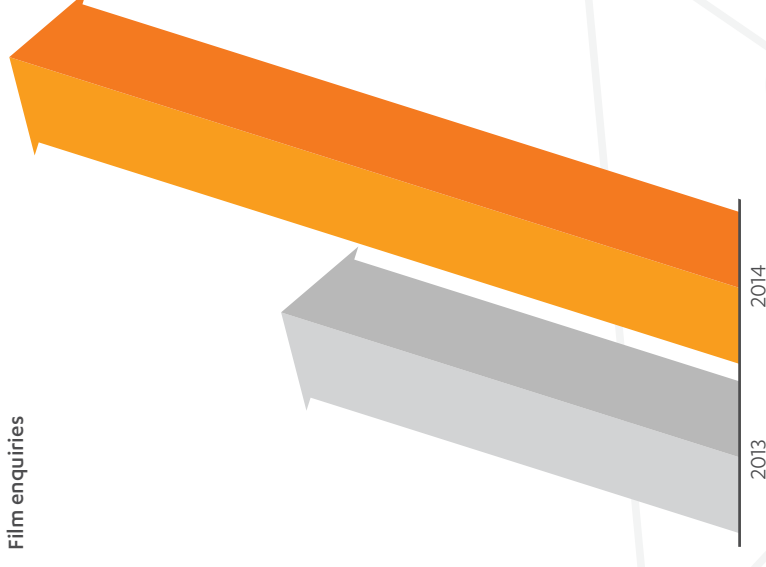
Our pilot internship scheme, supported by the New Zealand Film and Television School and the Wellington City Council, proved successful. The first intern, Bonnie Philp, has gained a full-time role with Pukeko Pictures. See the case study on page 19 for the full story.

We participated in industry Health and Safety discussions, and began work with the New Zealand Film Commission and angel investor networks to develop marketing material targeting screen investors.

We continue to work with a variety of stakeholders across the region to attract and develop projects, studio and film infrastructure that will strengthen the screen sector.

We also continue to work with national bodies and other regional film offices to build New Zealand's capability and ensure Wellington's reputation for excellence is maintained.

Film enquiries



## CASE STUDY

### Film Wellington internship

Bonnie Philp will step into her dream job following her time as the first film intern at the regional film office, Film Wellington. She has spent six months working as part of an initiative developed to address a skills-gap in the local film workforce and attract screen projects to the Wellington region. She has high praise for the internship. "Everything I've learnt has benefited me, I loved it."

Now Bonnie has been offered a chance to join the production team at Wellington's Pukeko Pictures. "I couldn't be happier, this is my dream job."

The internship scheme for aspiring location and production managers was launched in 2014 by Film Wellington and the New Zealand Film and Television School, in association with Wellington City Council. These roles are vital to attract screen projects to Wellington as location and production managers are usually the first point of contact for large international productions enquiring about filming.

"My time at Film Wellington has fast tracked what would have been years spent on my own gaining experience and insight into the screen industry," says Bonnie. "It's exactly the right situation to be in for networking and making valuable industry contacts. I've met fantastic people and worked on things that I didn't expect to work on."

Bonnie says she learnt much about the business side of making film and television productions, including film permitting. She was also able to take part in pre-filming location visits for international film companies.

In addition, she had the opportunity to help Grow Wellington run sector events such as the digital entertainment event AnimfXNZ 2014.

"The whole experience has pushed me so much past my student days and I can introduce myself as a young filmmaker in my own right."

Bonnie's position at Film Wellington will now pass to Alex McKenna, who was successful in winning the second internship over a number of New Zealand Film and Television School graduates.



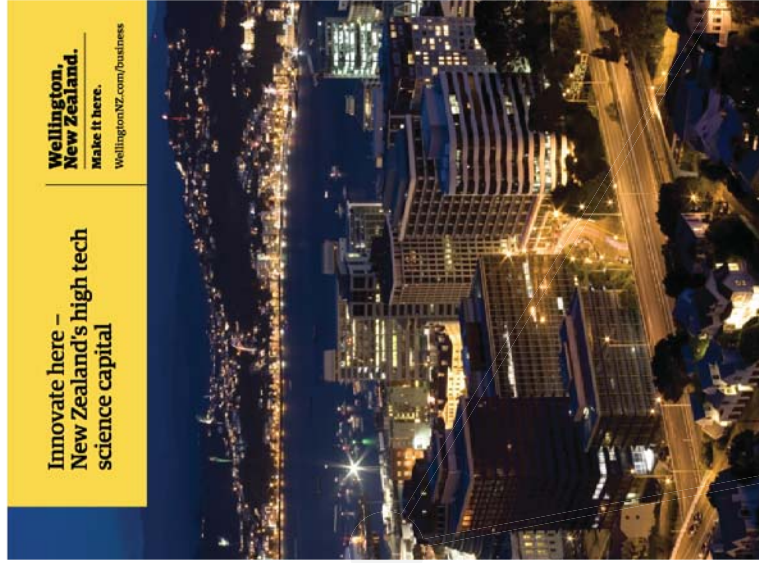
Bonnie is the first intern to participate in Film Wellington's internship scheme.

Gerard Quinn, Grow Wellington CEO, is delighted with such a positive outcome. "Bonnie will now use her skills to directly benefit the industry in Wellington, which in order to grow even stronger, needs experienced location and production managers. We all congratulate Bonnie for making the most of this opportunity."

# Attracting business, investment and students

## RESULTS

- 53 live leads in pipeline with \$126M p.a. estimated value
- 6 international campaigns
- Provided scouting services to help attract Disney production *Pete's Dragon*
- Australian business trialling contact centre
- International recruitment firm establishing Wellington-based web development team



This digital publication showcasing the region's science and tech capability was well received in market.

Previous page: Wellington CBD.

## Attracting business and investment

New businesses locating in Wellington create jobs, provide goods and services and the purchase of local consumables. We attract new business and investment to Wellington through targeted international campaigns. Our campaigns generate awareness of the region, create leads and provide us with influential contacts - people or businesses seeking relocation or investment opportunities. We then seek to convert these leads by providing relevant information and developing bespoke solutions for business decision makers.

### Science and technology

The All Blacks/US Eagles rugby game in Chicago in November raised the profile of New Zealand and presented us with the opportunity to showcase Wellington to entrepreneurs and high net worth individuals interested in locating and investing here.

We attended a number of events with Immigration New Zealand, the New Zealand KEA network, NZTE and the BNZ, resulting in the generation of leads with many influential business and investment connections.

We also met several companies at 1871, Chicago's entrepreneurial hub for design startups, and Chicago's Digital Manufacturing and Design Innovation Institute.

While in the United States, we also hosted a business networking event in San Francisco, inviting contacts made at the Game Developers and Tech Connect World conferences held earlier in 2014 as well as other contacts in the tech sector. We also held a series of meetings with high net worth individuals in the science and tech sector to attract business, investment and talent to Wellington.



• We are targeting several large companies in Australia and will pitch Wellington to them as a location for their large shared services contact centre work.

## Business Process Outsourcing

In October, we attended Melbourne's Auscontact National Conference to market the Wellington region as an ideal location for contact centre businesses and outsourcing. Contact centres have an average productivity per employee of \$60,000 pa, which means that they make a significant economic contribution. We hosted a dinner for some of the Australian businesses attending the conference and one of these is now trialling a contact centre in Lower Hutt with a view to outsourcing that part of their business to the region.

In November, we attended the Association of Superannuation Funds of Australia National Conference (ASFA), to attract financial services and business process outsourcing (BPO) leads to relocate, expand and develop investment

and trade connections. The ASFA is the peak policy, research and advocacy body for Australia's superannuation industry and the conference was attended by over 1600 international industry delegates.

In December, with NZTE, we targeted several energy companies in Sydney pitching Wellington as a location for their large contact centres. Leads are very promising with one centre having over 300 available positions should we successfully convert this opportunity.



One of the reasons Wellington is attractive to screen production companies is the proximity of studios and production facilities to scenic locations such as Forest Lakes, near Otaki.

## Screen attraction

Our Screen Attraction Manager, Nicci Lock, works closely with producers to understand their needs and attract productions to the region. Together with the Film Wellington office and Film New Zealand, she worked with Disney to aid their planning for the production of *Pete's Dragon*. Filming of this big-budget feature started in December.

The production will create approximately 400 jobs for Wellington-based cast and crew.

Due to the high quality of our work, we received a referral from Disney executives which led to the hosting of NBC Universal to investigate a

significant filming investment in the Wellington region, with the outcome yet to be announced.

Our previous trips to Los Angeles to attract talent and productions to the region saw Dreamworks confirm production work in Wellington for *Light Between the Oceans* (to be filmed in 2015). We collaborated with Weta Digital, Weta Workshop and Film New Zealand to successfully convince Legendary Pictures to film *Krampus* in 2015. This comedy horror will be shot around the region with production based at Miramar's Stone Street Studios.

We worked with Prospero Productions, an Australian TV production company, to assist them to establish a partnership with Wellington film and television company, Libertine Pictures, and showed them potential locations for a physical Wellington presence.

## ICT and game development

In 2013 we developed a strong focus to attract ICT and game development companies to the region. Our event driven campaigns leverage off the success of our previous in-market activity such as the South by South West trade show in Texas.

In October, building on the success of our campaign at the 2013 Game Connect Asia Pacific (GCAP) conference in Melbourne, we worked with Positively Wellington Tourism to hold a networking event. Attendees included game development company Camshaft, who moved their business from Melbourne to Hutt City last year, and another Melbourne company currently considering relocation to Wellington.

A large international recruitment firm subsidiary is also establishing a web development team in the region creating 10 full-time jobs.

Other projects in 2014/2015 include an ongoing collaboration with Kapiti Coast stakeholders to develop a business attraction strategy and

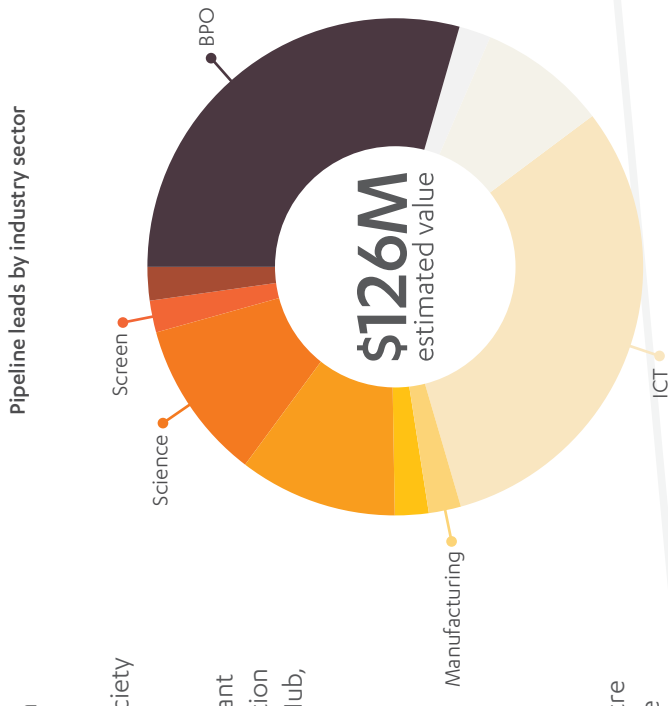
investigating the viability of new event driven attraction campaigns.

One such event is the Open Source Open Society (OS/OS) conference to be held in Wellington in April 2015. Hosted by GitHub, Enspirial, Loomio and Chalkle, OS/OS presents significant opportunity for talent and investment attraction opportunities due to the involvement of GitHub, a global repository service with a network of 5.5 million developers.

## Building the pipeline

We have generated a pipeline of over 53 live business attraction and investment leads including two large firms looking for call centre and sales operation support and a Melbourne based ICT game development company looking to relocate to Wellington.

The timeframe for lead conversion can range from around 18 months to 10 years depending on the complexity of the decision making process.







International students contributed approximately \$177 million to the local economy in 2013.

## Attracting international students

International students make an important contribution to Wellington's economy. We work with regional and national agencies to promote the region to students, parents and agents in key markets and to develop high growth strategies for student attraction.

### Attraction activity

In October we attended Brisbane's Australian International Education Conference to develop international networks and market intelligence. We are now focusing on attracting several Australian private training establishments to the region.

We attended the New Zealand Education Fair in Mumbai and New Delhi in September to

evaluate the potential in India. India is Wellington and New Zealand's fastest-growing market for international students, second only to China.

From December 2014, Grow Wellington ceased to provide membership services on behalf of Education Wellington International. On the organisation's behalf we recruited an education specialist to provide this service, who is based at Grow Wellington's office.



# Connecting businesses with talent

## RESULTS

- Surveyed local businesses to identify skill shortages
- Joined Immigration NZ online campaign to attract tech talent from Australia
- Exhibited at NZ Jobs Expo in Sydney
- Placed a record number of Summer of Tech internships
- Extended Summer of Tech to manufacturers

One of the most important ways we help businesses in the region is through building a skilled talent-base for them to draw on. We work to attract talent from offshore, including New Zealanders returning home, we match tertiary internships to the needs of business, and we advise on training initiatives in the most needed skillsets.

### Attracting new talent

We have continued our work in positioning the region to attract highly skilled and talented people. With our new Talent Attraction Manager Adelle Kenny on board, we have delivered two campaigns in line with current workforce needs primarily focused on the growing demand in the ICT sector.

Immigration New Zealand launched an online tech talent attraction campaign in Australia in September. We promoted the opportunity to our regional business networks ensuring Wellington business were well represented.

In November we took part in the NZ Jobs Expo in Sydney which attracted over 1150 visitors. We engaged about 900 people keen to hear the Wellington story providing them with compelling information to aid their decision making.

We held two seminars at the event and have since had contact from dozens of high-skilled potential repatriates and migrants with follow-up questions. At the Expo we directed relevant talent to exhibiting Wellington businesses and provided web links for recruitment firms, other Wellington employers and the website [wellingtonnz.com/work](http://wellingtonnz.com/work).

We also took the opportunity to hold 'The Wellington Story' networking event, along with NZ Kea, an organisation which connects offshore New Zealanders. Our guest speaker, WREDA Chair, Peter Biggs, told businesses and individuals about opportunities in the Wellington region.

While in Sydney, we broadened our channels for attracting talent by engaging with Talent International, The Committee for Sydney, Regional Development Agency Sydney, Macquarie University, Macquarie Graduate School of Management (MGSM) Alumni and Accuvio.



WREDA Chair, Peter Biggs, was our guest speaker at The Wellington Story networking event in Sydney.

Previous page: Victoria University students (from left) Joshua Apperley, Charlie Allen and Laurence Pridmore with the robot they made during a Summer of Tech hackfest.

## Identifying skill shortages

We surveyed businesses and recruitment agencies in the region to validate areas of shortage and skills in demand and will use the results to focus our talent attraction and workforce development efforts.

## Business internships

To encourage businesses in the region to apply for Callaghan Innovation's internship funding grants, we ran workshops to help them prepare applications and increase their chances of success. This year, 16 six-month careers internships for Masters and PhD students were granted across the Wellington region, along with 23 ten-week summer experience internships for undergraduates.

## Workforce development

Grow Wellington worked with the Tertiary Education Commission (TEC), and the Ministry of Business, Innovation and Employment (MBIE) to promote their ICT Graduate Schools initiative to regional businesses. The initiative provides \$28.6 million over four years for the creation of three schools in Auckland, Wellington and Christchurch from mid-2015. The primary objectives of the initiative are to enhance the skill levels of graduates entering New Zealand's ICT industry, to reflect the workforce and skills needs that ICT businesses have identified, and to undertake more industry-based research. We also collaborated with the two Wellington consortia in devising their Expressions of Interest in response.

We will continue to extend the engagement of regional ICT businesses with the initiative, and

will play an active role in ensuring that all parts of the region have the opportunity to work with the School through internships, venues and career pathways for high school students. The outcome of the funding process will be known by April 2015.

Grow Wellington has been developing a strategic plan for the delivery of workforce programmes to support the region and its businesses in recruiting, retaining and developing skilled people. Consultation on the plan's proposals is scheduled for the second half of the financial year.



Victoria University student Alice Lawn during a tour of Fraser Engineering and other manufacturing companies as part of the Summer of Tech internship programme.

## Summer of Tech internships

Along with the Wellington City Council and tech companies, Grow Wellington provides funding for the Summer of Tech internship programme.

Our Tertiary Engagement Manager, Cath Randall, works with the Summer of Tech team to help attract businesses to the programme and manage events. The programme places tech students into 10-week paid internships.

Over half of participating students go on to employment with the business in which they were interns, or in related businesses.

Ninety one interns were placed through Summer of Tech in Wellington this year. Additionally, Summer of Tech successfully ran a small pilot in Auckland which resulted in 15 placements.

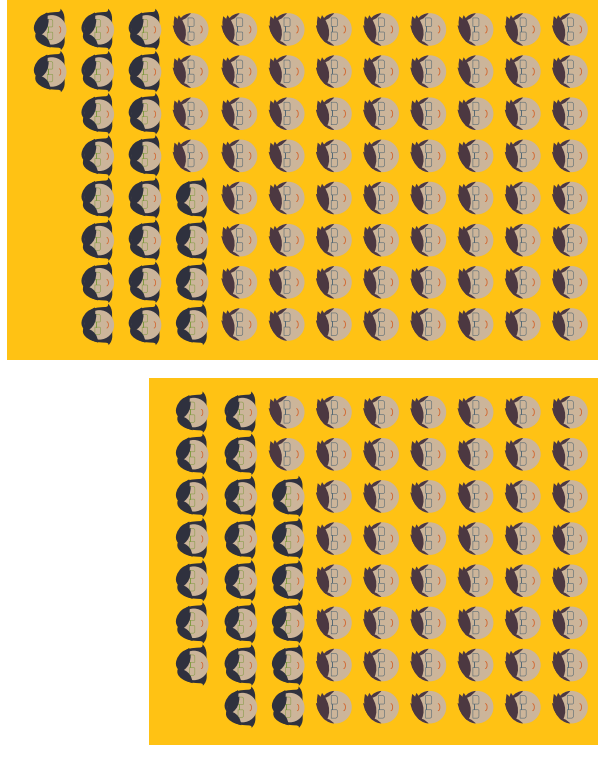
A third of the interns were women, which compares favourably with the industry workforce average of 20%.

Several events were held in the lead up to the internship placements, including pitches by high tech employers to students, speed interviews, hackfests and bootcamps to prepare students for work in industry.

This year we led a pilot to extend the programme to include manufacturing businesses, with interns placed in four high-tech manufacturing companies new to Summer of Tech.

Based on the success of the pilot, the programme will be scaled up in 2015 to further increase participation from manufacturing businesses and mechatronics and electronics students.

Summer of Tech internships



Summer 2013/14

Summer 2014/15

## CASE STUDY

### Manufacturing student internships

A pilot manufacturing student internship from the Summer of Tech programme is proving mutually beneficial for a Lower Hutt business and a Wellington university student.

Electronic Design Engineer for Pertronic Industries, Mark Hetherington, has been supervising student intern Robby Lopez in his work at the company, which designs and manufactures fire detection systems. He is delighted with Robby's work at this stage in the 10 week internship. The company has employed many students before from outside of an internship programme. "Robby is a real high flyer and is always up for a challenge," says Mark.

Grow Wellington has been working with the Summer of Tech programme for nine years. The programme connects students with technology companies from the Wellington region and

was extended in 2014 to include manufacturing companies looking to incorporate technology into their products.

Grant Lumsden, Sector Development Manager, Manufacturing for Grow Wellington, says he is delighted with the success of the pilot. "Manufacturers needing to develop products that use high level technology are teaming up with interns. It's a great way to help both companies and students.

"Our focus at Summer of Tech is to make it easier for employers to find the right graduate and to showcase the talents of our students and help them start their careers in manufacturing."

Mark says Pertronic has found advantages in being able to participate in the Summer of Tech programme. "The recruitment process has been simplified," he says. "We normally have little problem attracting students, but as part of the Summer of Tech programme there's no need to carry out an extensive interviewing process. It saves a huge amount of time."



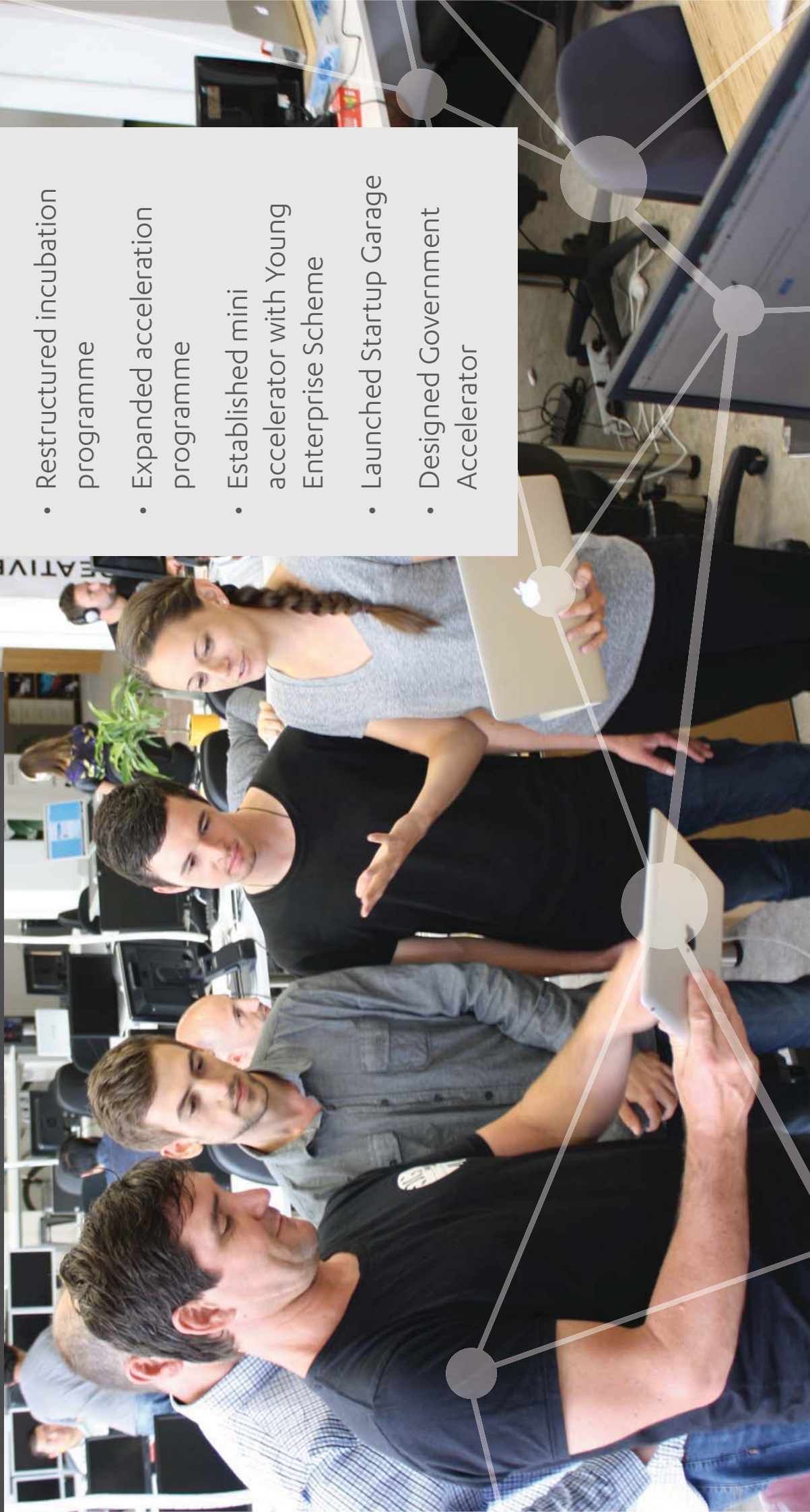
Engineering student intern Robby Lopez (left) shown developing automated testing equipment for Pertronic with supervisor Mark Hetherington.

Robby, who will begin the final year of his Bachelor of Engineering (ECEN) from Victoria University in March, has found the experience a challenging one even though he has been given support. "I'm enjoying it. There is a learning curve and you have to extend yourself," Robby says. "It's a great opportunity to work in a real industry environment before I finish my degree."

# Boosting innovation

## CREATIVE HQ RESULTS

- Launched new brand
- Restructured incubation programme
- Expanded acceleration programme
- Established mini accelerator with Young Enterprise Scheme
- Launched Startup Garage
- Designed Government Accelerator





Innovation in business is crucial to economic success and to making the Wellington region more internationally competitive. We work to strengthen innovation in the region through our startup base Creative HQ (CHQ). We are also working with key industry and tertiary players to explore options for innovation parks and technology hubs in the region.

### Commercialisation

We participated in the working group that devised the concept for Massey University's summer accelerator for the commercialisation of design and arts projects. We also provided seed funding for a pilot, which helped secure a grant from Massey's Strategic Innovation Fund, and we were part of the evaluation panel that selected the 10 graduate design and arts projects that will go through the accelerator in Summer 2015.

We were among the major sponsors of the inaugural TEDxWellington event in August. The event sold out in under three hours and 400 people attended. TEDxWellington showcased the creativity, achievement, history and dynamism of the Wellington region.

We ran a competition to send an entrepreneur to the Start-Up Tel Aviv Seminar in Israel in September, with the support of The Embassy of Israel, CHQ and the Wellington City Council. The winner of the competition was Rollo Wenlock, founder of cloud-based video production collaboration company Wipster.

During the five day seminar, Rollo, and the winning young entrepreneurs from 19 other countries, met Israeli entrepreneurs, startups and angel investors. The highlight was an investor speed dating event at which his pitch to Google won Wipster \$100,000 worth of Google credit.



Wellington entrepreneur Rollo Wenlock, winner of the competition to attend the Start-up Tel Aviv Seminar in Israel. Photo: Fairfax NZ.

Previous page: (left to right) CHQ's Incubation Manager Alan Hucks, Hydroweb's Tal Meser and Hayden Lawson, and CHQ Communications Manager Brittany Hodill at the new premises in Dixon Street.



The proposed redevelopment of the Gracefield Innovation Quarter will take place on Callaghan Innovation's site in Lower Hutt. Photo: Google Maps.

## Hubs and innovation parks

We visited these cities to explore international science parks and incubators:

- Waterloo, Canada, with Wellington City Council
- Berlin, Barcelona and Birmingham, with Callaghan Innovation
- Tempe, Arizona, with Hutt City Council and Hutt Valley businesses.

The information gathered on these trips will be used to help shape plans for a proposed tech hub in Wellington city and proposed redevelopment of the Gracefield Innovation Quarter in Lower Hutt.

We are also involved in ongoing discussions with Ministry of Business Innovation and Employment (MBIE) and Callaghan Innovation, about a proposal to form a national 'Innovation Alliance' that could connect New Zealand with the international association of innovation and science parks.

## Creative HQ

**Creative HQ (CHQ) is a wholly owned subsidiary company of Grow Wellington, and aims to discover and support companies and entrepreneurs who will be successful, have high growth and contribute to long term economic prosperity. Stefan Korn, CEO reports on progress.**

In August 2014 CHQ relaunched as Wellington's startup base with a strong, contemporary brand. The new brand was a first step towards establishing CHQ as the "place for startups and startup innovation" and was followed up with the move to new premises in Dixon Street later in 2014.

### Incubation

CHQ restructured its incubation programme to better serve our startups, become more founder friendly, shorten incubation cycles and increase high growth exits. Now called the Global Growth Programme, it takes startups through four modules designed to challenge and assess the company for high growth potential at each stage. CHQ now takes equity in participating companies after the completion of each module.

This means CHQ's equity in ventures vests over time as startups realise the benefits of the programme.

We are planning to add another six teams to our Global Growth Programme in 2015 to maintain an optimal portfolio of 11 companies. We are on track for achieving all venture related metrics (high growth exits, valuation and incubation cycles). Several of our ventures have successfully completed funding rounds and will be leaving the incubation programme.



Creative HQ Chief Executive Stefan Korn.

## Boosting innovation

In November, the incubation team kicked off a 12-week bootcamp for Victoria University students that provides experimental entrepreneurial learning for graduates. Now in its fourth year the Digital Futures programme (formerly known as Summer Bootcamp) continues to deliver excellent value to participants.

As part of this programme refresh, we also made it easier for Lightning Lab alumni to join our new incubation programme. From August to October 2014 we brought three Lightning Lab alumni companies into the incubator: Twinkl, Mish Guru and Glassjar.

We have three new partners assisting our startups. Deloitte will provide all startups with tax and accounting services at little or no cost. Chapman Tripp will provide pro-bono legal services as well as offer seminars on contracts, IP and governance and CityLink will provide ultra-fast wireless internet services. Leaders from all three firms are also available as mentors and candidates for advisory boards.



Startup Garage companies in 2014 included Snapper, CricHQ, PicFX, Carnival Labs and StarNow.



Over the last two years Creative HQ's Lightning Lab has established itself as the leading digital accelerator in Australasia. Lightning Lab is expanding to Auckland and Christchurch in 2015. Photo: @scottysinton.

## Acceleration

In July 2014, we teamed up with Young Enterprise Trust to run Venture Up, a new mini accelerator programme. The participants of Venture Up are 16-21 years old and are in their first or second year out of secondary school. Young Enterprise Scheme (YES) is a charitable trust which runs enterprise and financial literacy programmes for primary and secondary school students.

The inaugural six-week programme starts in January 2015 and will be based in the Victoria University Design School in Wellington.

Lightning Lab is expanding to Auckland and Christchurch in 2015. CHQ will continue to manage the brand, programme and implementation with local delivery partners to ensure continued success.

## Innovation services

Over the last 11 years CHQ has refined and improved the techniques and approaches used by startups to deliver innovative solutions quickly. Most recently we packaged this knowledge into a service that can be provided to large organisations.

We are running crowdsourcing and ideation competitions for Victoria University and the Ministry of Education. We have also been successful in designing and implementing the first ever 'Government Accelerator' for MBIE's Result Area 9 team, who are charged with providing New Zealand businesses a one-stop online shop for government advice and support. Preparation for this programme is underway and it will kick off in the first half of 2015.

## Customer engagement

CHQ firmly believes that a successful entrepreneurial ecosystem begins with meaningful community engagement.

Our speaker series introduces members of the startup community to technology's top entrepreneurs, designers, engineers and industry pros from around the world, giving a behind the scenes look at how they get things done.

Speakers included Xero's Rod Drury, US investor Scott Nolan, YCombinator president Sam Altman as well as Brian and Matthew Monahan from KiwiConnect.

We launched 'Startup Garage' to get established startups to open their doors and share some of their wisdom with the next generation of entrepreneurs.

CHQ also sponsored TEDx Wellington creating an interactive experience where attendees exchanged an idea for a coffee. We then identified themes and created an action list for attendees to reflect upon and achieve.

As a partner and facilitator of Startup Weekend, CHQ helps promote and further expand this successful programme.

In August, our staff led Wellington Startup Weekend EDU. This is the first education focused startup weekend in New Zealand, as well as the first ever Queenstown startup weekend.

In 2015, we are planning to run a new type of startup weekend focused around research and science ideas and projects.

# Statement of Financial Performance



# Statement of Financial Performance

## Grow Wellington Limited

### Group Summary of Performance For the six months ended 31 December 2014

	Actual YTD 6 months to 31-Dec-14	Budget YTD	Variance Actual vs. Budget	Full Year SOI Budget	Same Period Prior Year
Total Income	\$ 3,569,409	\$ 3,741,178	(171,769)	\$ 7,283,000	4,081,689
Total Personnel Costs	1,977,128	2,236,938	(259,810)	7,283,000	1,891,907
Total Operating Costs	1,216,748	1,416,406	(199,658)		1,524,811
Total Depreciation	20,189	25,962	(5,773)		19,413
<b>OPERATING SURPLUS</b>	<b>355,344</b>	<b>61,872</b>	<b>293,472</b>	<b>-</b>	<b>645,558</b>

YTD income is less than budgeted due to sponsorship not eventuating for a Creative HQ (CHQ) proposed project. The expenditure related to this project has been reduced accordingly.

Personnel costs are less than budgeted due to CHQ reallocating some personnel costs to operational spend, and delays in filling positions within Grow Wellington.

Operational costs are less than budgeted due to the achieving of some savings in corporate costs, and the re-timing of some projects to the second half of

the financial year. It is anticipated that project spend will be on budget by year end.

The Balance Sheet is sufficient to support our operations. A revaluation of the investment portfolio of CHQ incubated companies will occur in the second half of the year. Any movement in valuation will typically reflect external validation as a result of investment into those companies.



# Statement of Financial Performance

## Grow Wellington Limited

### Group Statement of Financial Position as at 31 December 2014

	31-Dec 2014	31-Dec 2013
	\$	\$
<b>ASSETS</b>		
Cash and bank balances	668,301	603,886
Due from GWRC (Grant)	-	399,275
Accounts Receivable	302,945	273,487
Provision for doubtful debts	(4,044)	-
Prepayments	22,850	2,705
Net Fixed Assets	163,079	90,053
Investments	804,388	334,133
<b>TOTAL ASSETS</b>	<b>1,957,519</b>	<b>1,703,539</b>
<b>LIABILITIES</b>		
Accounts payable	276,670	321,981
<b>OTHER LIABILITIES</b>		
Income in advance	161,352	81,600
Creative HQ Bonds	6,000	9,143
EWI Trust Funds	47,293	63,442
Holiday Pay Liability	107,589	127,174
<b>TOTAL LIABILITIES</b>	<b>598,904</b>	<b>603,340</b>
<b>EQUITY</b>		
Accumulated funds	223,633	145,260
Surplus for the period	355,344	645,556
Available for Sale Reserve	779,638	309,383
<b>TOTAL EQUITY</b>	<b>1,358,615</b>	<b>1,100,199</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,957,519</b>	<b>1,703,539</b>