

GROW WELLINGTON



ANNUAL REPORT 11/12

GROW WELLINGTON FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2012

CONTENTS

REPORT ON STATEMENT OF INTENT MEASURES 7

REPORT ON PROGRAMME OUTCOMES 13

INVESTMENT ... 16

CAPABILITY BUILDING ... 18

INTERNSHIPS ... 18

FOSTERING INNOVATIVE AND
ENTREPRENEURIAL CULTURE ... 19

CONNECT, INSPIRE AND FACILITATE ... 19

BUSINESS ATTRACTION AND
MIGRANT SETTLEMENT ... 19

RUGBY WORLD CUP 2011 ... 19

GREENKEEPER SYSTEMS ... 20

SCREEN AND DIGITAL ... 21

SCREEN AND DIGITAL - CASE STUDY ... 23

SCIENCE AND TECHNOLOGY ... 24

PRIMARY AND
MANUFACTURING SECTORS ... 25

EDUCATION SECTOR ... 27

FILM SECTOR ... 28

FILM SECTOR ... 29

FOOD AND BEVERAGE SECTOR ... 30

FOOD AND BEVERAGE - CASE STUDY ... 31

CREATIVE HQ ... 32

FINANCIAL STATEMENTS 33

ANNUAL REPORT ... 34

INDEPENDENT AUDITOR'S REPORT ... 37

COMPREHENSIVE INCOME
STATEMENT ... 39

STATEMENT OF CHANGES IN EQUITY ... 40

STATEMENT OF FINANCIAL POSITION ... 41

STATEMENT OF CASHFLOWS ... 42

NOTES TO THE FINANCIAL
STATEMENTS ... 43

BOARD MEMBERS AND COMPANY DIRECTORY 57

BOARD MEMBERS ... 58

COMPANY DIRECTORY ... 59

CHAIR'S MESSAGE



2011/12 has been a year of change for Grow Wellington. The operating environment featured a number of significant influences that have led to a

refining process for the organisation. These influences included a review and refresh of the Wellington Regional Strategy – what it is and who will implement it; the performance of the broader economy; the Local Government Reform programme; security of funding for Wellington's economic development; and the concurrent major change in the composition of the Board.

For the most part the change of 2011/12 has now settled, providing certainty and a clear strategic direction for the organisation. The team at Grow Wellington is embracing that change and is re-focusing on its new goals for 2012/13 and beyond.

The following pages and the CEO report highlight just some of the stories of how Grow Wellington has helped drive economic growth for the region in 2011/12. While it is incredibly satisfying to be able to contribute to both the broad and individual successes, these stories also serve another purpose: marketing the region - nationally and internationally - and inspiring more business and investment growth that is a good fit for Wellington.

Wellington is establishing itself as a hub for high-value industries that generate above average returns. With its proximity to government, compactness, and excellence in education the arts and culture, it is easy to see why Wellington is considered an attractive option for business, investors, talent and students. Acknowledgement of these strengths has driven the review and refresh of the Wellington Regional Strategy, which in turn directs Grow Wellington's strategy for the next 5+ years.

For the Wellington economy to grow strongly it must play to these strengths, focusing on the right economic and environmental drivers. From Grow Wellington's perspective this has meant moving to a much sharper spotlight on attracting businesses and investment. This adds to the region's economy and also the broader New Zealand economy. Wellington is experiencing strong economic growth in certain sectors that are particularly well suited to the region including, screen and digital, education, science and IT, food and beverage.

Grow Wellington has continued to work with its key partners - Greater Wellington Regional Council, the eight Councils in the region, Chambers of Commerce, Ministry of Business Innovation and Employment, and Positively Wellington Tourism. These partnerships and the alignment with the refreshed Wellington Regional Strategy will help Grow Wellington to add jobs and revenue to the local economy, market the region to businesses and investors, and develop more partnerships with education and tertiary institutes to address the region's skill and education needs.

On behalf of the Board I would like to thank the Grow Wellington team. They have responded well to the Board's challenge to re-focus. We would like to acknowledge former Chief Executive, Nigel Kirkpatrick for his five years of service to business development across the region, and Keith Marshall for his contribution as Interim Chief Executive. We look forward to the imminent appointment of a permanent Chief Executive and to a reinvigorated and more outcome-driven Grow Wellington.

Paul Mersi, Chair
Grow Wellington



CEO'S MESSAGE



There is no doubt that it has been a challenging year for the Wellington Region. Wellington still has something of a reputation as a "government town" with nearly 20% jobs within the public sector and the ongoing rationalisation of

government agencies has had a significant impact with a GDP of 0.8% for the 2010/11 period being lower than national average for the same period.

But a closer examination of what makes up the engine room of economic growth in Wellington shows that it is our private sector – with particular strengths in the knowledge and creative based industries – that holds the key to the region's long term prosperity. Grow Wellington's focus has always been on this sector of Wellington – supporting innovative, efficient and export orientated companies of all sizes is the day-to-day business of the organisation and there have been some reasons for genuine optimism as Wellington's strengths and natural advantages continue to provide opportunities for growth.

Wellington is a smart region – our highest profile and most celebrated success stories are the industries that rely on innovation, connectedness and a highly skilled knowledge base. These industries have a key role to play in the long-term prosperity of the country and continuing to provide support for their growth is an essential investment by the region in its own future.

Some of our most recognisable successes have been in the highly publicised triumphs of our screen and digital businesses. The latest available data from Statistics New Zealand shows revenue for Wellington's screen industry businesses was well over half a billion dollars for the June 2010-April 2011 period. Over-reliance on a handful of key companies within this sector is still an underlying risk for long-term sustainable growth and Grow Wellington's activity in this sector has focused on providing support for developing companies and more

opportunities for established ones. Opportunities for the commercialisation of screen content through initiatives such as the AnimFX NZ conference and the long-term development of foreign direct investment and business attraction as well as strengthening relationships in key offshore markets such as China have been core activities in this period.

The organisation's activities around one of its priority sectors, Science and Technology, went through an intense period of rationalisation and strategic development during the period. Grow Wellington has worked to connect key organisations and businesses to develop the business ecosystem of the sector and continued to provide support to innovative start-ups through programmes such as the Clean Technology Centre (CTC) in Kapiti. One of the CTC member's, Greenkeeper (software solutions for reducing power consumption) took out Grow Wellington's Bright Ideas Challenge in 2011. A new initiative modelled on the Bright Ideas Challenge but aimed specifically at the biomedical and health sector, Innovation for Health Challenge, was initiated in late 2011. At the end of the financial year 40 submissions had been received and were moving into the next stage of business plan development.

Grow Wellington continued to support the Wairarapa Water Use Project and, as appropriate for an economic growth agency, has focused its efforts around the potential commercial aspects of the project. We have commissioned the development of a model to ensure the financial viability of the project remains at the forefront of the projects development and implementation phases.

Grow Wellington has made a focused commitment to productivity within the Wellington Region's manufacturing sector. Programmes such as the very well received Optimising Manufacturing Programme and The Wellington Competitive Edge focus on refining Wellington's innovation and efficiency within this sector to ensure we remain globally competitive.

The food and beverage sector lies at the heart of the region's reputation for success in both tourism



CEO'S MESSAGE

and manufacturing. Grow Wellington has supported activity in this area through a number of initiatives including The Wellington Food and Beverage Database which has grown steadily in the 2011/12 year and Visa Wellington on A Plate. The latter is a joint initiative between Grow Wellington and Positively Wellington Tourism. The festival goes from strength to strength each year with the contribution to the local economy growing to \$439,000 in 2011, up 40% from the year previously, and creating employment for 9 FTEs for one year.

Our reputation as New Zealand's smart capital has been reflected in the steady increase of foreign student numbers in the region, up 11.6% on 2010. During the 2011/12 period Grow Wellington's education programme, Education Wellington, has worked to strengthen awareness of the benefits of an education in the region with a strong focus on key markets, Vietnam and China. Results achieved during the 2011/12 period include a 12% increase in the number of Chinese students in Wellington against a national average of 8%.

The business growth team of Grow Wellington remain at the coal-face of connection, facilitation and inspiration for growth – the underlying purpose of the organisation as a whole. Our programmes and activities in this area have generated some good results in the 2011/12 year. The business growth team is connected to over 3,400 businesses across the region providing on-going support through assessments and action plans.

Support for Wellington businesses is administered in several ways through the business growth team with a strong focus on supporting innovation and ensuring all of Grow Wellington's activities are rigorously tracked. This means Grow Wellington can support business while being accountable to our stakeholders.

Highlights for the 2011/12 period include facilitating over two and a half million dollars in research and development investment through the Ministry of

Science and Technology, capability building through business ready programmes such as Activate and the Grow Wellington internship programme which placed over 100 internships in the period. Grow Wellington's Bright Ideas programme, a highly recognised and well regarded initiative to promote entrepreneurialism and innovation in the region, ran again from April to November 2011 and resulted in 136 business plans being developed for regional businesses and a "Brightest Idea" acknowledgement going to Kapiti based company Greenkeeper Systems.

Grow Wellington also worked alongside the NZ2011 Rugby World Cup office to create and enhance business ties between our regional businesses and the international business people coming into the region for rugby games.

Grow Wellington would like to acknowledge the great support it receives from the people who are working at the coal-face of its partner organisations, and who share the same goals of growing the region's economy. This includes the amazing Wellington businesses we have the pleasure to work with; key agencies like the Chambers and Associations across the region, Positively Wellington Tourism; government departments whose support is crucial to our collective success; and the staff and elected members of the Councils across the region who all work for successful economic development.

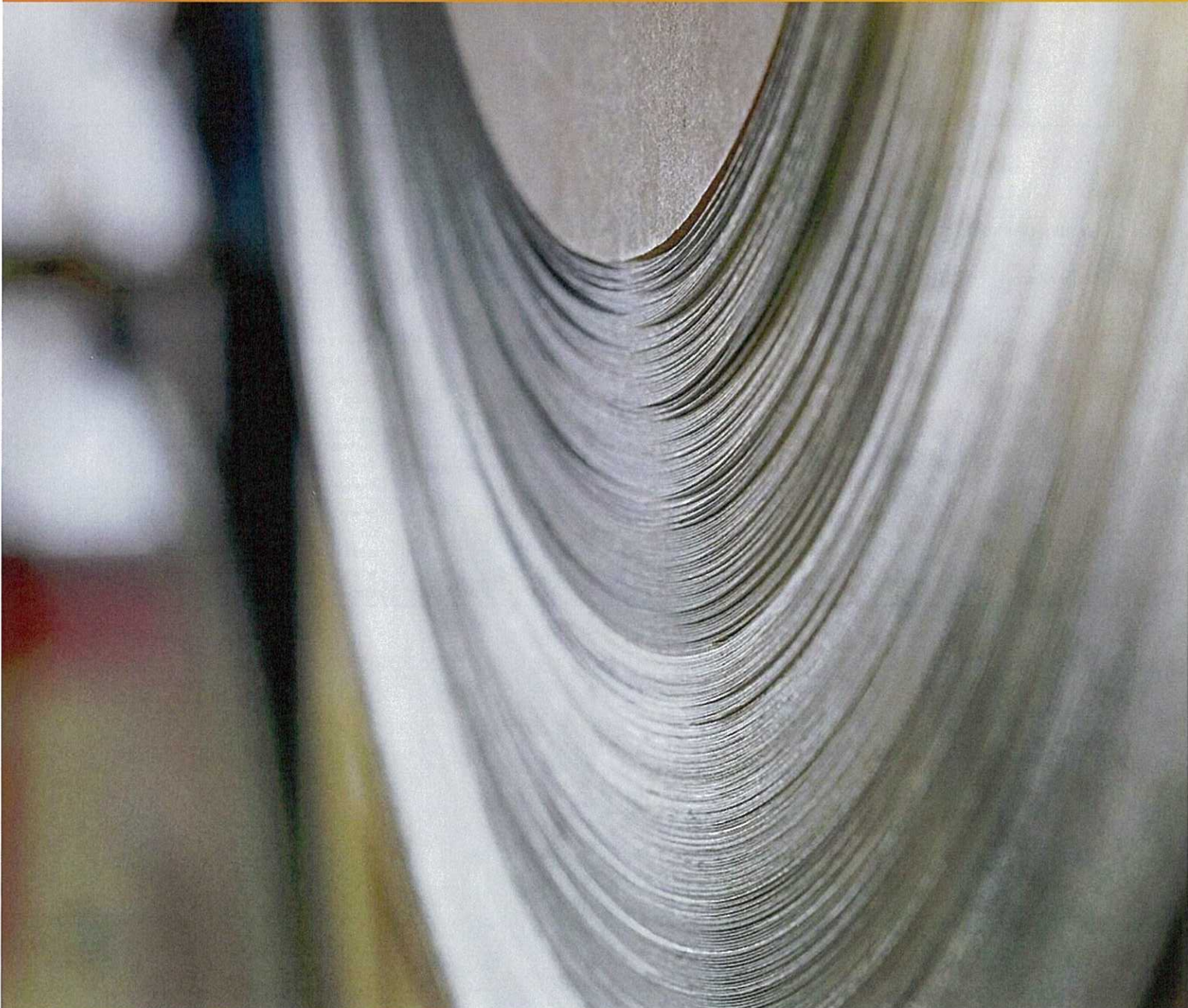
The organisation can be justifiably proud of the activity it has undertaken in 2011/12 and the results that have been achieved are a tribute to the fantastic and talented staff at Grow Wellington. With a renewed focus on business attraction and on-going support for innovation for the coming year, Grow Wellington will continue to work with the dynamic, innovating and inspiring businesses of the Wellington Region in 2012 and beyond.

*Keith Marshall, Interim CEO
Grow Wellington*








REPORT ON STATEMENT OF INTENT MEASURES







The activities and measures below are a report on the Statement of Intent Measures. In many cases the activities are short term even though the projects are long term. For this reason a subjective comment is given reflecting the long term progress.

Poor: The measures have not been achieved = 

Adequate: Some of the measures have been achieved = 


Positive: The measures have been achieved = 




CENTRES OF EXCELLENCE	Agreed Activities	Agreed Measures	Measures Status as at 30 June 2012	
Screen and Digital Technologies	Establish a co-working space for emerging screen and digital businesses and independent workers	The co-working space has 15 members	The co-working space is launched and there are 24 individual resident members, and 17 businesses	
	Continue to deliver the AnimFX event to facilitate learnings about trends in the rapidly changing digital media industry, and connect local businesses with leading national and international industry executives	65% of AnimFX attendee respondents feel AnimFX is an event likely to result in mid-term business outcomes for them	91 % of respondents felt AnimFX was an event that "helped them achieve their business objectives" 70% felt the event would lead to tangible "deals/business opportunities in the next 12 months."	
	Assist with the development of a funding proposal for a School of Computer Graphics at Victoria University	The funding proposal for the School of Computer Graphics has been agreed	Funding proposal agreed and school launched in 2012	
	Develop a strategy for the retention/increase of international television activity in the region	A strategy has been developed	Strategy developed and various projects implemented Broader strategy for creative sector development also developed	



CENTRES OF EXCELLENCE	Agreed Activities	Agreed Measures	Measures Status as at 30 June 2012	
Clean Technology	Establish Clean Tech Fund to encourage investment in the region's clean technology sector	Clean Tech Angel Group established to provide the Clean Tech Fund Three business opportunities are presented for investment	Clean Technology Innovation Fund still in pre-securement phase as at 30 June 2012. No business opportunities presented due to fund being incomplete at 30 June. Anticipated that business opportunities will have been presented by end of 2012/13 year.	 
	Develop fundable business case for marine energy testing centre	A business case has been developed and presented to potential funders	Business case scoped and tendered. Target date for the delivery of the Business case is November 2012.	
	Attract further businesses to Kapiti Clean Tech Centre	14 businesses/research institutions are located at the Centre	Seven businesses and one research onsite at Clean Tech Centre. Second clean technology building secured and a further eight potential tenants attracted.	






CENTRES OF EXCELLENCE	Agreed Activities	Agreed Measures	Measures Status as at 30 June 2012	
Biotech and Life Sciences	Secure commercialisation space for the Health Education and Research Collaborative Centre (HERCC)	Commercialisation space is secured	This initiative effectively ceased in February 2010 when the Business Case was not approved by MED	●
	Employ HERCC Centre Manager	Centre Manager is employed	This initiative effectively ceased in February 2010 when the Business Case was not approved by MED	●
	Recruit businesses to the HERCC	Five businesses are located at the HERCC	This initiative effectively ceased in February 2010 when the Business Case was not approved by MED	●



BUSINESS GROWTH	Agreed Activities	Agreed Measures	Measures Status as at 30 June 2012	
BUSINESS GROWTH	Deliver business support through Business Assessments and Action Plans	800 Business Assessments and Action Plans have been completed	1,173 Business Assessments and 1,232 Action Plans have been completed	●
Capability	Assist businesses to connect with the region's support services to facilitate their growth	In annual client survey, 80% of respondents are satisfied with the business growth support they have received from Grow Wellington	In the annual client survey 81% of businesses are satisfied with the business growth support	●
	Continue annual Bright Ideas regional innovation initiative	Grow Wellington has received 800 Bright Ideas leading to 100 business plans	881 Bright Ideas have been received leading to 143 business plans	●
Innovation	Build the database of resources available to support the region's innovation community	The database has 100 "support" businesses which will provide the required resource	The database has 185 support businesses providing the required resources	●
Internships	Develop capability through placing interns with business	40 interns placed with companies In annual client survey, 80% of business respondents are satisfied with the capability building support they have received from Grow Wellington through its intern programme	115 placements made In the annual client survey 92% of business respondents were satisfied with the internship programme	●
Training & Mentoring	Deliver "Activate Plus" training and mentoring programme to committed start up businesses	Three Activate Plus courses held with eight participants per course	Three Activate Plus courses held with eight participants per course	●
	Assist businesses to access NZTE training vouchers	Access \$500,000 of training vouchers	\$520,639.49 of training vouchers have been issued	●
	Deliver "Inspire" seminars to inspire individuals and give them the tools to establish and grow a business	Two Inspire series held, five seminars per series, average 150 attendees per seminar	One Inspire series held; the Bright Ideas Challenge seminar 2011. Strategic decision to licence out seminar management going forward as it was no longer consistent with organisational goals.	●
TechNZ	Assist businesses to access TechNZ investment funding for research and development	Access \$1 million in TechNZ investments	\$1,168,397 co-funding facilitated	●
Investment	Facilitate business investment through referrals to the escalator and Angel investment services	25 assessments have been completed, 12 deals have been presented and four deals have been closed	52 assessments were completed, 14 deals were presented and nine deals were closed	●






SECTORS	Agreed Activities	Agreed Measures	Measures Status as at 30 June 2012	
RUGBY WORLD CUP	Deliver an appropriate event (subject to having a clear list of individuals with specific business interests)	Event has been hosted and follow up contact has been undertaken with attendees once they have returned home.	Event was hosted – The John Kirwan and François Pienaar lunch. Follow-up contact was undertaken but was very limited due to a lack of interest from offshore attendees	







SECTORS	Agreed Activities	Agreed Measures	Measures Status as at 30 June 2012	
FILM WELLINGTON		600 film industry enquiries have been responded to/managed	650 enquiries at June 2012 via Film Wellington; and 104 via Screen and Digital sector manager. Total = 754	
		The annual client survey shows 85% satisfaction with assistance received from Film Wellington	The annual client survey shows 97% satisfaction with assistance received from Film Wellington	
	Review new film and location permit system for further improvements in order to achieve a fully integrated online application system. Implement improved system	The review has been completed and improvements have been implemented which deliver a fully integrated online application system	The review has been completed and improvements have been implemented which deliver a fully integrated online application system	

SECTORS	Agreed Activities	Agreed Measures	Measures Status as at 30 June 2012	
FOOD & BEVERAGE	Implement Wellington Food and Beverage (F&B) sector development projects	80% of participants in annual client survey are satisfied with Wellington F&B sector development projects	73% of participants in annual client survey are satisfied with Wellington F&B sector development projects Projects delivered: Re-development of the Wellington Food & Beverage Database; Supplier Showcase event; establishment & development of F&B manufacturing group; tracking of key measures for Top-50 F&B companies	
VISA WELLINGTON ON A PLATE	Further develop the Visa Wellington on a Plate (VWOAP) offering and target international attendees	Initiatives have been developed for targeting VWOAP international attendees	Visitors from the Australian market will be targeted with a mix of: electronic direct mail in conjunction with 'sister' Festival in Melbourne and Wellington Tourism's own databases; joint marketing initiatives with festival sponsors (e.g. Air New Zealand) and targeted PR activities with Australian media	

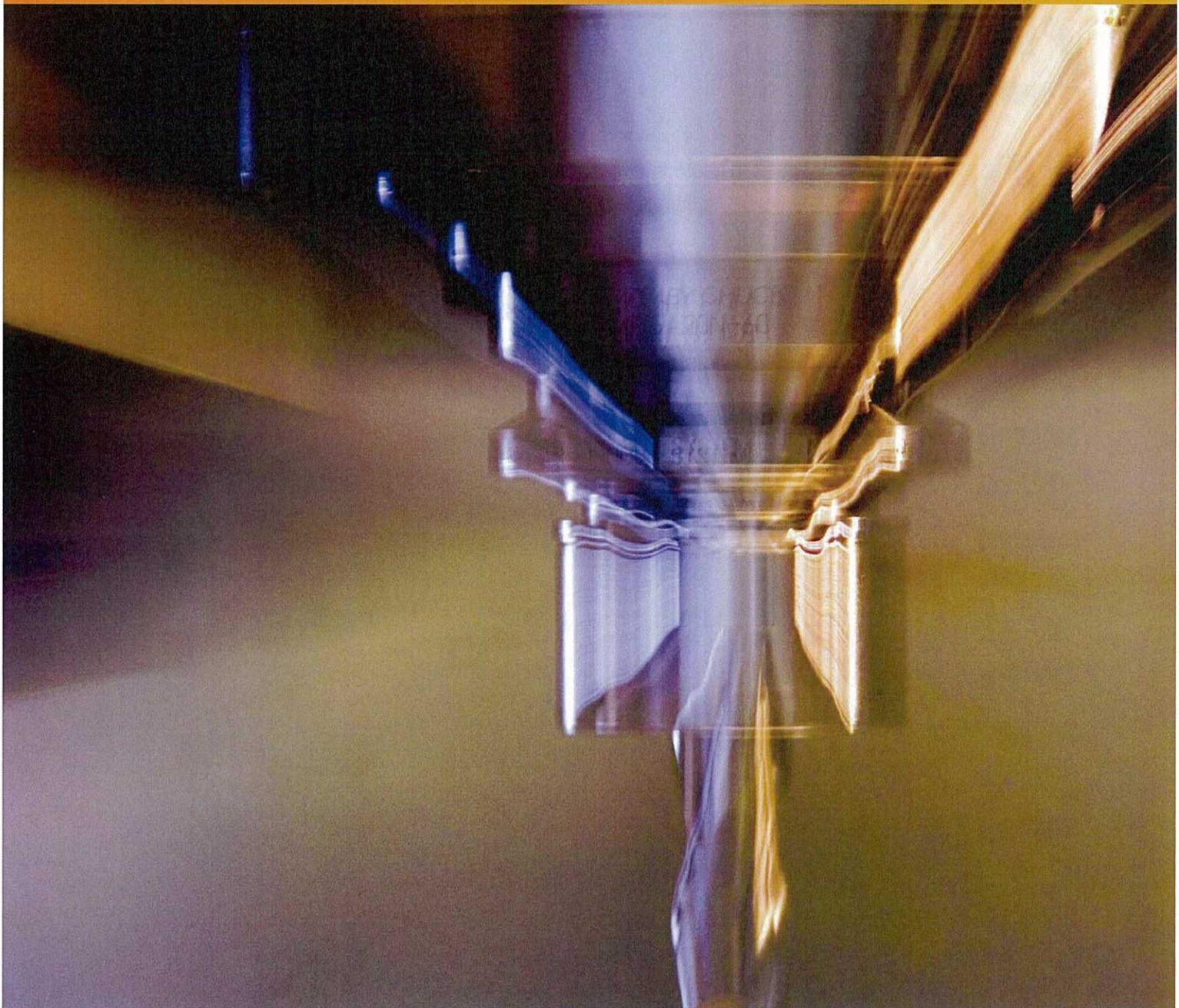
SECTORS	Agreed Activities	Agreed Measures	Measures Status as at 30 June 2012	
EDUCATION WELLINGTON Education Wellington International	Support the Education Sector through the EWI (Education Wellington International) Advisory Board	85% of Education Wellington International members are satisfied in annual client survey with Grow Wellington's services to support international education Retain 95% of existing Education Wellington International membership base	90% of Education Wellington International members were satisfied in annual client survey with Grow Wellington's services to support international education 98% of membership retained. One new Education Wellington International member recruited in 2011/2012	 
International Students	Scoping other potential markets for international students	One new market has been scoped	Markets were scoped and the decision was made not to engage with single new market in 2012/2013, but to allocate appropriate resources across a number of key markets/ geographic regions depending on factors such as maturity, proximity, and sector interest	
	Consolidating international student marketing plan in China and Vietnam	Annual client survey shows that Grow Wellington's activities have supported increased student numbers from these countries	Supported in-market activities with up to 11 Wellington education providers in China and 9 providers in Vietnam/ Marketing collateral developed and regular communication cycle undertaken with agents in these markets Annual client survey shows that 50% of Education Wellington respondents felt that activities have supported increased student numbers	
Cultural Exchange & English Language Lessons	Further develop online cultural exchange and English lessons	*20 schools matched and participating in online cultural exchange and English lessons	Product developed and successfully trialled in November 2011 but to date we have not been able to find a viable distribution channel in Korea	

COMMUNICATIONS & MARKETING	Agreed Activities	Agreed Measures	Measures Status as at 30 June 2012	
	Produce appropriate communication collateral and disseminate using all relevant communication tools/ channels	In Grow Wellington's annual survey of clients and stakeholders in the Wellington region, 80% of respondents agree that Grow Wellington is the place to go for business support 2,000 site visits per month 1,500 e-newsletter subscribers	In Grow Wellington's annual survey of clients and stakeholders in the Wellington region, 59% of respondents agree that Grow Wellington is the place to go for business support There were over 2,800 monthly visits to the Grow Wellington website. On average there were 1,140 subscribers to the fortnightly e-newsletter	 

SECTORS	Agreed Activities	Agreed Measures	Measures Status as at 30 June 2012	
PRIMARY & MANUFACTURING				
Irrigation	Assist development of irrigation project. Support Wairarapa Regional Irrigation Trust (WRIT) and connection with GWRC	Investment and implementation plans have been prepared	The Wairarapa Water Use Project has secured \$750,000 in 2011/12 from GWRC and the inclusion of \$1m annually for the next 3 years in the GWRC LTP. Provisional approval from Ministry for Primary Industries for matching funding from the Irrigation Acceleration Fund Detailed project plan completed with Grow Wellington input with investment plan incorporated	
	Identify projects that are made feasible with the introduction of irrigated production		Scoping of projects not possible at this stage of the project as specific areas and indicative costings not available at this stage	
Wood	Deliver an investment memorandum for new investment into the processing sector to potential investors	An investment memorandum has been delivered to potential investors	No industry uptake due to market conditions favouring log export	
Optimising Manufacturing Programme	Ensure the successful completion of Optimising Manufacturing (OM) programme with full complement of companies	16 companies in the OM programme In the annual client survey, the OM programme participants give an 85% rating of support for initiatives and confirm these initiatives have contributed to increased profitability	Reduced number of companies involved during the year as there was no intake at the beginning of 2012 as the Central Government support was lost. Had involvement of 9 companies at various stages of the year. Now seeking another party to take programme nation-wide In the annual client survey the 78% of Optimising Manufacturing participants gave a rating of support for initiatives and 66% of those participating felt the program had contributed to increased profitability	 

	Agreed Activities	Agreed Measures	Measures Status as at 30 June 2012	
CREATIVE HQ	Develop the region's premium, proven vehicle for accelerated venture success	85% client satisfaction (Good or Very Good) as measured in annual survey Top three capability nationally (as benchmarked by NZTE)	88% client satisfaction NZTE has advised that Creative HQ is in the top tier of incubators nationally. (Listed rankings no longer apply)	 
	Develop residents and alumni who help develop a new high-value economy for the Wellington region	25 ventures supported Eight ventures graduated from the incubator 59 Alumni ventures Total economic value generated by alumni businesses totals \$89m and cumulative lifetime totals \$245m	Total of 29 ventures supported Ten ventures graduated from the incubator 62 alumni ventures Total economic value generated \$589m and cumulative lifetime value totals \$310m	   

REPORT ON PROGRAMME OUTCOMES



BUSINESS GROWTH

The business growth team of Grow Wellington is the engine room of the organisation. It works with businesses on an individual basis to help them to innovate and grow.

The team connects Wellington businesses to the resources and programmes that exist in the region. From investment to specifically-tailored programmes to the world-class innovation community that is located here, the focus is on facilitating the creation of high-value companies.

Support for innovation underpins all of the activities the business growth team undertake. Innovation is the means by which Wellington can create a vibrant economy and make the region attractive to global markets. In the 2011/12 year the business growth team has worked directly with innovative companies; to develop them, assist with the commercialisation of new products and services, enter new markets, and introduce new processes.

The 2011/12 year was focussed around delivering

value to the region's businesses through a number of programmes and initiatives detailed in the following pages. Measurement of Grow Wellington's impact was possible throughout the year due to a specifically developed database that allowed the business growth team to track results more comprehensively than in any previous year.

The results for the 2011/12 year show:

- › The business growth team is connected to 3,400 companies across the region.
 - › The business growth team completed 1,173 assessments and 1,232 action plans for 897 businesses.

Combined these businesses:

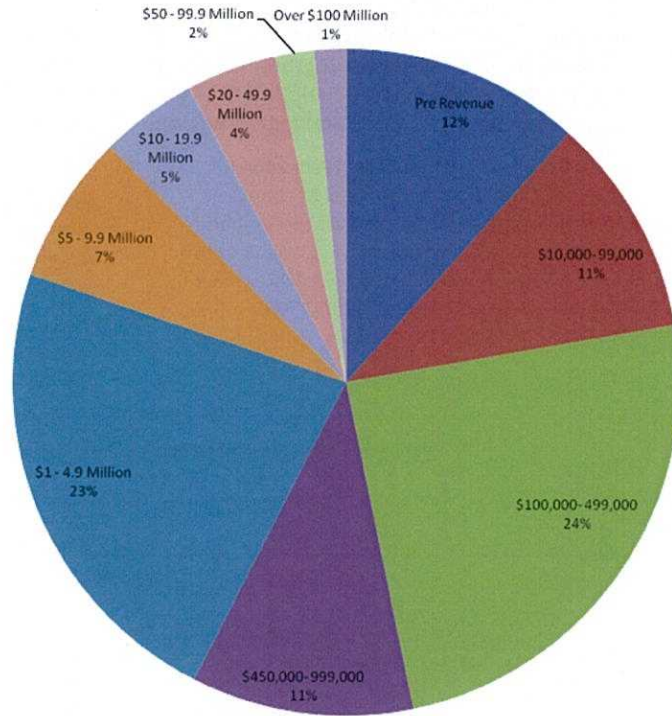
- › Turn over \$860 million per annum
- › Employ over 1,600 people
- › Are growing at a rate of 12.5% compared with regional GDP growth in 2010-2011 of 0.8%*

* Annual Economic Profile Report prepared by Infometrics for Grow Wellington.

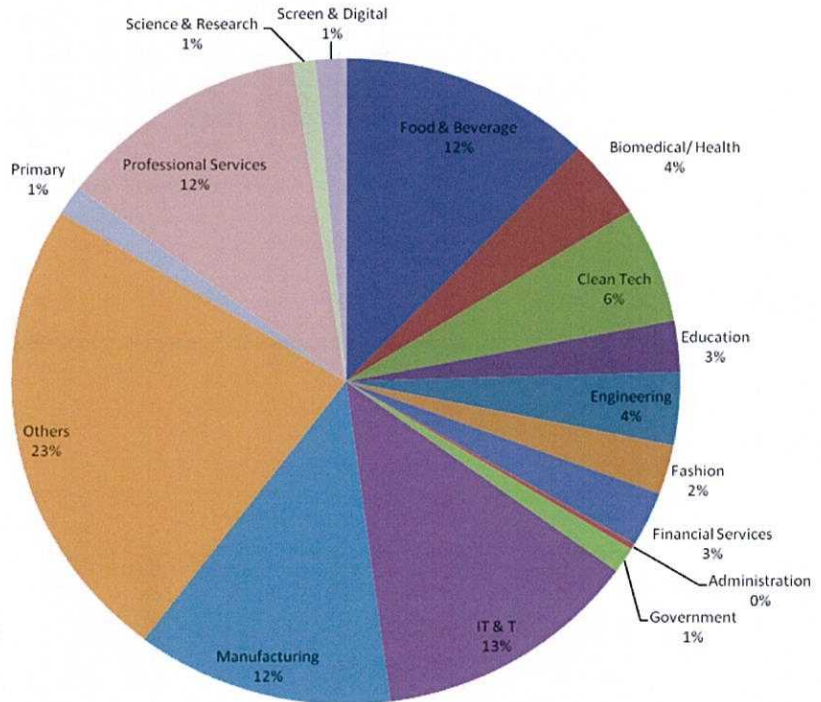
	Upper Hutt	Hutt City	Porirua	Kapiti Coast	Wellington	Carterton	Masterton	South Wairarapa
Total record of business engagement	101	430	185	287	2304	37	139	136
Businesses engaged YE 30/06/12	51	236	77	150	421	22	50	44
Current FTE increase expected with companies GW engaging with YE 30/06/12	9%	4%	14%	20%	7%	2%	14%	9%
Net p.a revenue increase for companies GW are engaging with YE 30/06/12	\$18,090,000	\$192,413,695	\$6,500,000	\$38,408,000	\$831,744,454	\$6,114,000	\$17,660,000	\$4,830,000
Current year revenue increase expected with companies GW engaging YE 30/06/12	14%	7%	16%	35%	13%	7%	13%	15%
NZTE vouchers issued in region YE 30/06/12	\$37,950	\$185,687	\$19,675	\$70,109	\$215,148	\$12,497	\$33,720	\$18,400
TechNZ funds in region YE 30/06/12	\$31,550	\$813,813	\$465,259	\$23,705	\$1,269,069	\$5,750	\$38,606	\$36,225
Current year estimated increased economic impact (using NZTE formula of (revenue + salaries + investment) x 2)	\$42,080,000	\$432,127,390	\$136,947,000	\$76,816,000	\$831,744,000	\$13,228,000	\$43,120,000	\$13,228,000

BUSINESS GROWTH

Revenue of companies engaged with-YTD (Wellington Region)



Businesses currently engaged with by sector -YTD (Wellington Region)



*other includes categories such as travel and tourism, retail offerings, construction, publishing. Media and event management

The business growth team manages a number of specific programmes and activities during the year to deliver outcomes for the Wellington business community. The details of these programmes and their outcomes are listed below.

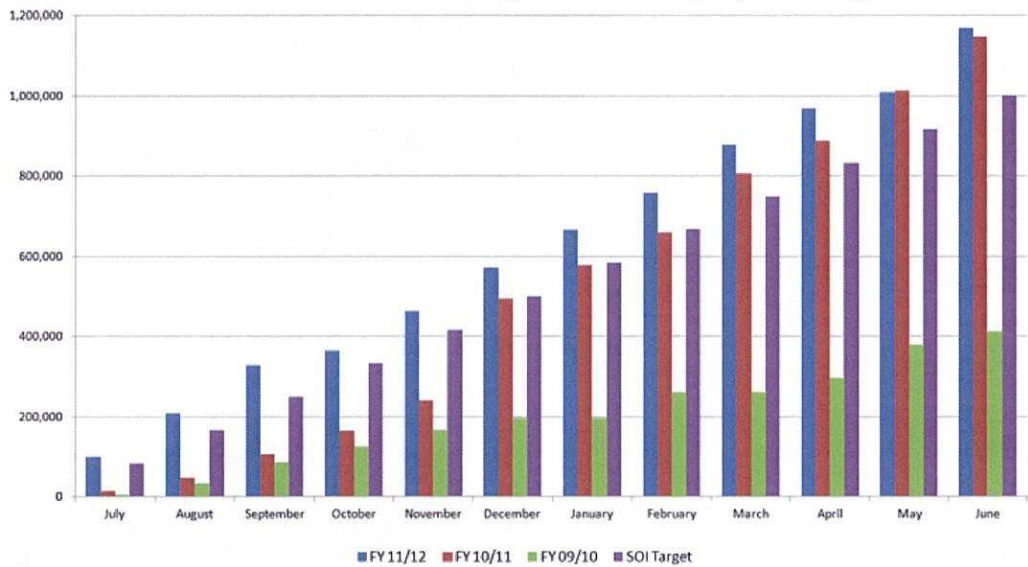
Grow Wellington is the Regional Business Partner for the Ministry of Science and Innovation (MSI*). In this capacity it facilitates MSI's investment - funding programmes for business-led research and development (R&D) projects across the Greater Wellington Region.

Through this partnership, Grow Wellington has connected businesses with a total of almost \$2.7 million worth of approved MSI on-demand investment-funding; with over \$1.1 million of this facilitated by Grow Wellington with MSI, while the remainder was approved referrals to MSI.

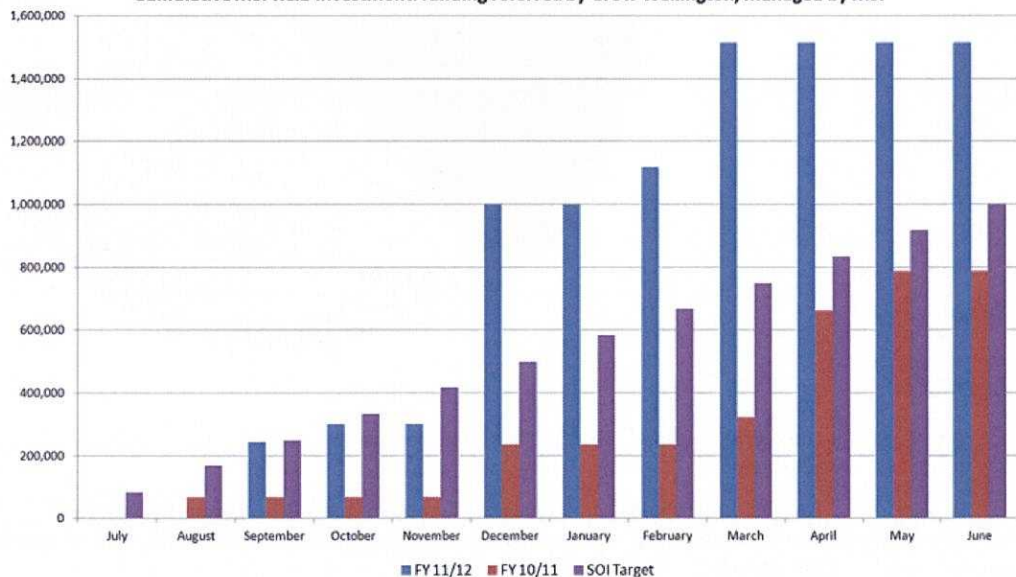
An additional \$460K worth of contestable internship-funding was referred by Grow Wellington with MSI for undergraduate and postgraduate R&D projects within businesses. This equates to connecting MSI investment-funding with over 13 business-led R&D projects per month. Innovative R&D is an important factor for economic development, so it is encouraging to see growth in business-led R&D throughout our region. Facilitating business-led science and technology R&D is an economic development driver where Grow Wellington has, and will continue to, contribute value.

* MSI became the Science and Innovation Group within the Ministry of Business, Innovation and Employment (MBIE) on 1 July 2012.

Cumulative MSI R&D investment: funding facilitated and managed by Grow Wellington



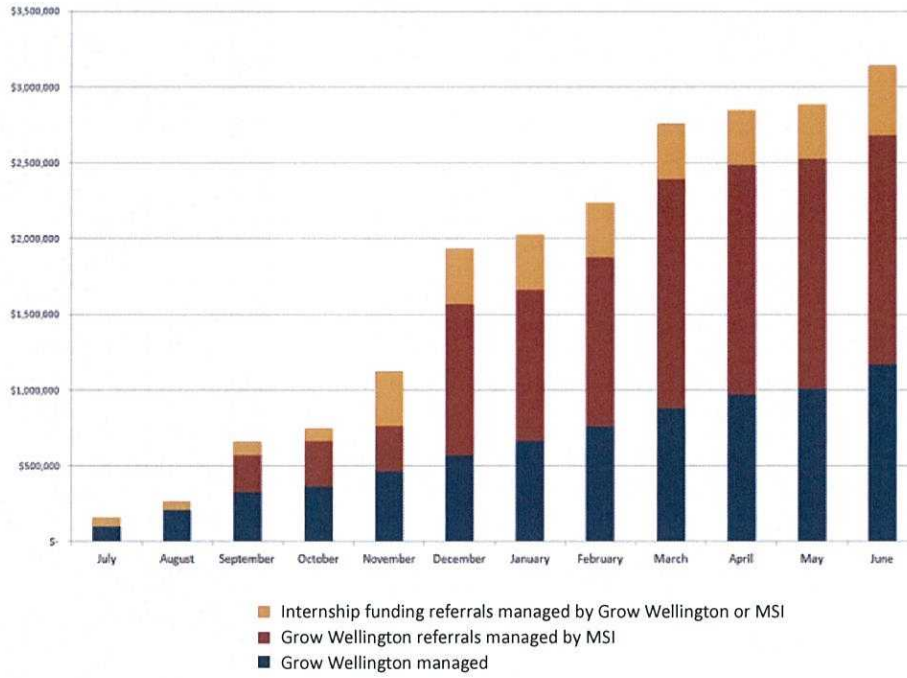
Cumulative MSI R&D investment: funding referred by Grow Wellington, managed by MSI



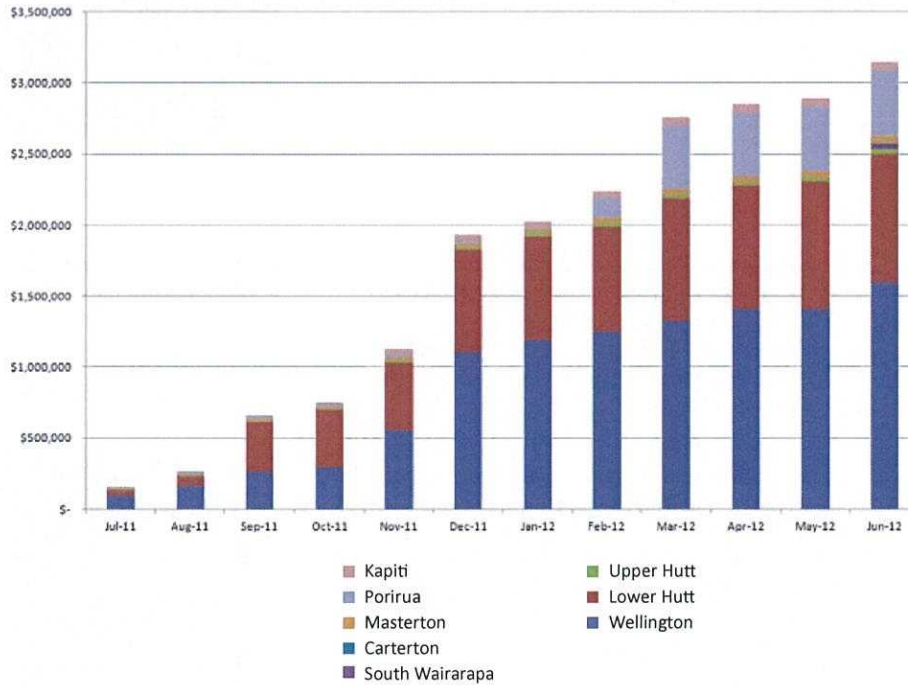
BUSINESS GROWTH

INVESTMENT

Cumulative MSI R&D investment: total funding facilitated by Grow Wellington



Cumulative MSI R&D investment: total funding facilitated by Grow Wellington, by Territorial Authority



BUSINESS GROWTH

CAPABILITY BUILDING

Grow Wellington's business-readiness programme, **Activate**, continued its success into its fourth year of operation in 2011/12, under the contracted management of **Growth Management Consulting (GMC)**.

GMC, led by Mark Robotham, ran three Activate programmes during the 2011/2012 year, in September and November 2011 and March 2012. The format was changed from a 16 week programme with weekly subject-based workshops and one-on-one mentoring, to a 48 hour residential weekend dedicated to business strategy, with three follow-up one-on-one strategy sessions with Mark Robotham. Low demand for the subject-based workshops meant that these were not run as part of the new programme format.

The continued success of the Bright Ideas Challenge campaign in 2011 gave Activate ongoing exposure and ensured that the profile of Activate remained high across the region. The Bright Ideas Challenge 2011 provided 18 Activate scholarships from the top 50 ideas representing its key target audience: smart, motivated entrepreneurs with strong business concepts.

With Mark Robotham's involvement, Activate also enjoyed a higher profile through social media channels such as Facebook, Twitter and Mark's blog www.succinctstories.co.nz

The experience of Activate participants is overwhelmingly positive and it has continued to build its reputation as a worthwhile investment for businesses across the region.

INTERNSHIPS

Having access to the right skill set is fundamental to business growth and economic development. Fostering closer relationships between tertiary institutions and businesses in the region is key to building a bigger pool of graduates with the right skills that are sought after in the workplace.

Successful placements of both local and international students were made into companies throughout the region. Placements made were through formal internship papers or degree requirements and through more flexible programmes where an individual student was matched to an organisation's project. A number of successful internships were completed by international students.

Through the regional partnership with MSI, support was offered to businesses to take advantage of

“Exhausting and inspirational in the same moment... this is gold.

Mark and Activate have transformed my business from a cool product, into a focused business with a clear plan. The ability to get clarity out of the chaos for my new venture is invaluable, the investment to participate paid for itself 10 times over in saved time.”

- Rachel Hatch – Founder, Mexis – Virtual Reality Devices.
Activate, 2011/12

“Relevant and to the point...

with immediate and significant impact on my business. It has paid for itself in the smart decisions I have made since.”

- John Matsis – Founder, Tonic Foodgroup Ltd.
Activate, 2011/12

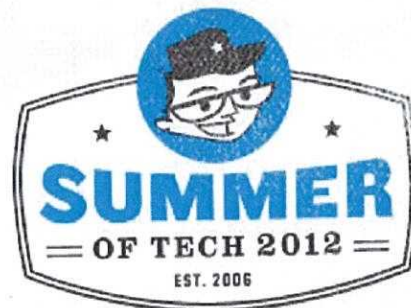
“Brutal and inspiring...

don't start a new venture without attending Activate. We are operating at warp speed as a result of attending Activate. The follow-up support has been key in keeping me on track and focused on getting the important high value stuff done. I recommend any business owner, new or nearly new, attend this practical programme.”

- Judith Eastgate – Founder, Perfect Accent.
Activate, 2011/12

internship funding opportunities and as a result a good number of these were allocated to companies in the region.

Grow Wellington continued to support and work with Summer of Tech in 2010/2011.



BUSINESS GROWTH

CONNECT, INSPIRE AND FACILITATE

We connect people to whatever support they need to innovate and grow, whether that is in; international markets, new opportunities, technical know-how, investment, internships and tertiary education, government funding or mentors and advisors.

Within this, we have been developing a database of these connections. This "toolbox" ensures we make the highest quality referrals possible, containing referral information for acknowledged experts in each business field. At the end of June 2012 the "toolbox" had over 175 experts listed. We are constantly looking for and meeting new people to add to the "toolbox". Experts can be based anywhere in the world. We coordinate with the MSI Global Expert programme to ensure we don't overlap in our efforts.

FOSTERING INNOVATIVE AND ENTREPRENEURIAL CULTURE

One of the ways we work to enhance the innovative and entrepreneurial culture in the region is through the Bright Ideas Challenge. This scheme is well regarded within the Wellington business community and has excellent awareness with the broader public.

Grow Wellington's second Bright Ideas Challenge ran from 19 April to 2 November 2011. The 2011 Challenge had an improved focus on quality ideas which resulted in the number of entrants reducing from 1,233 in 2010 to 925 in 2011, the trade-off was an increase in the ratio and quality of the 136 business plans developed.

The overall winner of the Bright Ideas Challenge was Greenkeeper Systems.

"Winning Bright Ideas - well that's like a dream come true. The seed capital will have a dramatic impact on the bottom line."

- Helen Joronen - Greenkeeper Systems Founder

To promote innovation and entrepreneurship in the region, we also support a number of practical and inspirational events and programmes. In the 2011/12 year this included: Unlimited Potential, the Digital Innovation Forum, Summer of Tech, the BIG I and BIG II Innovation Showcases, Massey University's Openlab, the International Council for Small Business Conference and World Class New Zealanders Day.

BUSINESS ATTRACTION AND MIGRANT SETTLEMENT

We continued to play a facilitating role in business attraction and migrant settlement, providing support, introductions and smoothing the way for incoming people and businesses. This includes the maintenance of the live and work websites, part of the Grow Wellington website by the communications and marketing team.

RUGBY WORLD CUP 2011

Grow Wellington's role in the Rugby World Cup was to work alongside the NZ2011 office to create and enhance business ties between our regional businesses and the international business people coming into the region for rugby games. We did this by working with businesses from around the region, to encourage them to host international guests through a range of different events. 98 events were registered and took place around the Wellington Region during the period of the RWC.

Grow Wellington organised a "Legends Lunch" with François Pienaar and John Kirwan, attended by 130 people.

BUSINESSES GROWTH

GREENKEEPER SYSTEMS

Green Keeper Systems is one of the foundation members of the Clean Technology Centre, established by Grow Wellington in 2010. It joined some of Wellington's most innovative and dynamic new companies by not only taking out the Bright Ideas Challenge in November 2011 but achieving finalist status in the Westpac Business Awards 2011, the Hutt Valley Business Awards and the Wellington Gold Awards 2012.

The company focuses on delivering software solutions to environmental problems; their first application The Greenkeeper, allows companies to reduce their power consumption without affecting corporate performance.

Like many of the companies Grow Wellington works with Greenkeeper has connected to the organisation on multiple levels depending on the needs of the business at the time.

The highest-profile of these interactions – taking out the Bright Ideas Challenge - has allowed Greenkeeper invaluable access to international sales and marketing resources which have had “an exponential impact on the number of new customer engagements”.

The ability to access offshore markets is a core factor in any company's success and for Greenkeeper, working in the clean technology space, this is particularly important.

Grow Wellington has also been instrumental in connecting the company to opportunities in the local and national environment. Greenkeeper has been able to access advice, connections and resources from multiple sources within the organisation, including the business growth team and the cleantech priority sector. Helen Joronén, CEO of Greenkeeper, has referred to her interaction with Grow Wellington as like having a corporate services team she can check in with when she needs to.

“I actually can't imagine what the business would look like without Grow Wellington's assistance over the last 2 years. Grow Wellington is the perfect mechanism to support business growth, their enthusiasm, their vision for Greenkeeper matches my own. But personally, I'm most looking forward to the day when Greenkeeper can pay the region back for all the support we have had in these early years.”

- Helen Joronén – CEO, Greenkeeper Systems

For Grow Wellington the relationship has been an excellent example of the underlying aims of the organisation, to add value to growth focused regional businesses where and when it can. Greenkeeper is an innovative, ambitious company working in an important emerging market. Helping companies like this grow and succeed is vital to the region's long-term prosperity and is at the very heart of why Grow Wellington exists.

PRIORITY SECTORS

SCREEN AND DIGITAL

The Wellington Region has specialist industries renowned for their innovation, excellence and international distinction. Grow Wellington is leading the development of these into world-class examples of their sectors.

In the 2011/12 year, the screen and digital sector, one of Wellington's most high profile success stories, continued to grow. It provided more jobs, sourced larger offshore revenues and further cemented its global reputation for excellence.

During the period more Wellington screen and digital companies developed direct relationships with key offshore customers. The industry became less dependent on a handful of individuals to secure work and there was a strong focus within screen and digital businesses on generating intellectual property to provide a pathway to greater potential profitability.

Grow Wellington's work in this year has been to support and enhance the efforts of those businesses seeking to develop and expand.

The most recent Statistics NZ's Screen Sector Survey data available shows that in 2010/11 there was 11.5% growth in revenues for Wellington and a 58% increase in the number of Wellington-based business units when compared with 2009/10. Monitoring the number of business units in this sector can give a good gauge on 'employment' because of the number of independent contractors operating in it. Revenues now consistently exceed the benchmarks set during *The Lord of the Rings* trilogy.

Beyond the development that occurred in the 2011/12 year there is still a requirement to ensure that the Wellington industry transforms itself from over-reliance on one or two key firms. The screen and digital sector team at Grow Wellington has a strategy, therefore, to develop and support initiatives that enhance the success of medium-sized creative businesses exporting from Wellington as well as to attract new businesses with an appetite for Wellington's distinctive blend of exceptional creativity, technical excellence, connectedness, passion and commercial acumen.

Involvement in sector development in the past year has included the following.

BUSINESS AND TALENT ATTRACTION

BUSINESS ATTRACTION

The screen and digital sector team worked to build a foreign direct investment and business attraction pipeline of opportunities worth a potential \$750m Foreign Direct Investment, 1200 FTE job creation and \$200m per annum in revenues. Based on Grow Wellington's experience in business attraction the expectation is that opportunities in this sector will take up to 18 months to convert into real deal outcomes. At the time of this report Grow Wellington was at the six month mark. Proposals presented to the above international partners are currently being considered or are in negotiation.

CHINESE RELATIONSHIPS

Grow Wellington has worked with several Wellington companies and a selection of their Chinese business partners to establish the *New Zealand & Guang Dong (PRC) Cultural Exchange Association*. This entity will act as a platform for both cultural exchange and trade in the creative sector, and beyond.

Launched in Wellington and Hong Kong in May, four business attraction propositions for Wellington had already been introduced to Wellington via this entity by June 2012.

ANIMFX

The annual AnimFX conference grows from strength to strength and is now the premier event in New Zealand for the development and commercialisation of digital entertainment content. Grow Wellington, which owns this event, works with a passionate committee of industry professionals who run it on a voluntary basis. The event, now in its seventh year, is beginning to see the real impacts of the multi-year commitment by Grow Wellington.

In a tangible example of the benefits of this programme, one small Wellington animation company began a relationship at AnimFX two years ago that this year resulted in a creative services deal worth US\$1.2m to the company. That represents a considerable growth opportunity for a company of its size. Larger companies continue to support the event because of the value it brings them in talent development, business development and ecosystem development.

PRIORITY SECTORS

SCREEN AND DIGITAL

COMMERCIALISATION OF INNOVATION

BIZDOJO

BizDojo provides fully serviced co-working and collaboration spaces targeting local start-ups, niche businesses and entrepreneurs in the creative and digital tech industries. Community managers are on hand to assist with early-stage growth, training, funding, business incubation, and events. The facility offers short-term contracts, a plug-and-play working environment, and flexible tenancy options.

BizDojo in Wellington began in early 2011 as a private company initiative supported by Grow Wellington. It is soon to develop into an international network. The demand targets for BizDojo have been consistently exceeded. In Wellington there are 24 residents spread over 17 businesses. Biz Dojo has conducted a survey of its residents and in the last year across the national network resident's businesses have grown at an average of 18%, with some growing up to 200% compared with average regional growth of 3%. This validates the initial belief that this operation does appeal to high value, high potential businesses.

Demand has increased to the extent that expansion plans are currently being developed.

INVESTMENT MECHANISMS FOR GROWTH

POUNAMU FUND RAISING IN CHINA

The screen and digital team have supported the capital raising process for a US\$500 million slate financing vehicle for film, television and video gaming content. At the time of this report the fund had not yet reached its capital target.

INDIVIDUAL CONNECTION MAKING

The screen and digital team work with individual companies connecting them to appropriate project and corporate investment-raising advice.

EDUCATION AND WORKFORCE DEVELOPMENT

COMPUTER GRAPHICS PROGRAMME

Grow Wellington helped launch the Computer Graphics Programme at Victoria University this year. This programme, now both an undergraduate and postgraduate programme, is a collaboration between the School of Design and the School of Computer Science. The group that helped develop it included well known local companies, Weta Digital and Sidhe Interactive. This lays a long-term foundation for local talent development. Grow Wellington's ongoing role will be to work to help commercialise research and technologies generated within the programme.

THE PIPI PROJECT (PUKEKO IP INITIATIVE)

In response to an industry suggestion led by Pukeko Pictures, a spinout content development and production business of Weta Workshop, Grow Wellington, assisted Massey University and Victoria University develop a programme helping writers and artists develop stories and pitches for the children's animation market. Classes will be taught by a combination of industry professionals and academics, with the outputs to be pitched by Pukeko Pictures alongside their internally developed work at international content markets. This is a major opportunity for Wellington-based creatives to hone their skills and be put in connection with international customers in a tightly-focused and accelerated manner.

EVENTS AND SEMINARS

The screen and digital team continued to run events and seminars through the year in alongside other screen-sector agencies, focusing on commercialising creative ideas. The most popular of these was a workshop by ex-Head of Story from Dreamworks and director of Kung Fu Panda – John Stevenson – selling out in a matter of hours, and necessitating twice the number of originally planned sessions being run in Wellington and Auckland. All in all, 90 creatives benefited from John's expertise.

PRIORITY SECTORS

SCREEN AND DIGITAL - CASE STUDY

ANIMFX NZ

Grow Wellington's Screen and Digital sector works with a wide range of businesses both directly and through support of events such as AnimfxNZ – the annual Wellington animation visual effects conference.

While direct support of Wellington's screen and digital companies through connections, program facilitation and investment opportunities are a crucial and ongoing aspect of the work undertaken in this sector, investment and coordination of industry wide events allows Grow Wellington to leverage its support across as broad a network of companies and individuals as possible.

Now in its seventh year, the conference attracts speakers from around the world. Previous guests have included Pixar director Enrico Casosa, Club Penguin founder Lance Priebe, Microsoft Studios' Tracey Sellar and Dreamworks' Tim Johnson.

Grow Wellington's support of the conference since 2007 recognises that while Wellington digital and interactive companies have world-class ideas and skills, the clients that they need to meet to fuel real growth are often based on the other side of the world. The all-important meetings and face-time that are required to generate real business opportunities are virtually impossible to generate without that first meeting and it can be a stumbling block for creative and digital companies based in Wellington.

By bringing these individuals to Wellington, local businesses can demonstrate their work and their ability to operate at the same creative and technical level that their international competitors do. Once these connections are made – real opportunities emerge.

Introductions made at AnimfxNZ have generated working relationships for several key companies out of Wellington including Melissa Clark-Reynold's

MiniMonos, (an online children's gaming platform) Carnival Labs (a mobile applications developer) and Weta Workshop.

Wellington based animation studio Karactaz, who have attended AnimfxNZ since its first iteration in 2005, have also generated real opportunities from the conference.

In 2005 Sander Schwartz, an Emmy award winning animation producer who has served as chairman of both Warner Bros. Animation and international productions at Sony Pictures Television attended AnimfxNZ as a speaker and panelist. Karactaz connection to Schwartz through the conference resulted in a long-term relationship and recommendations to several major international companies. One of these, Warner Premiere Digital, engaged Karactaz to produce a 60 minute motion comic – Superman: Red Son. Karactaz were able to turn that success into many others.

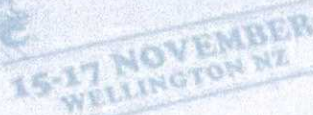
“That first piece of work is crucial to breaking into the market in the U.S. Once we proved what we could do we were able to successfully pitch for other work at that level and beyond. AnimfxNZ is an opportunity to have your voice heard that would be almost impossible for smaller companies to get by themselves.”

- Dylan Coburn – Founder Karactaz

The screen and digital sector is committed to growing opportunities for our world-leading companies whatever their size. AnimfxNZ serves as an ideal platform for this and will continue to do so as the sector grows.



ANIMFX
NZ



15-17 NOVEMBER
WELLINGTON NZ

CLEAN TECHNOLOGY

The clean technology sector is still in its infancy globally and in the Wellington Region. Grow Wellington has continued to recognise the importance of an ecosystem for the region's emerging clean technology sector to continue to grow.

In light of this during the 2011/12 year Grow Wellington brought several major projects to fruition to boost the growth of the sector:

1. Grow Wellington continued its management of the Clean Technology Centre (CTC) and has recruited new business and research programmes in to the Clean Technology Centre, providing onsite business growth support. The waste-to-energy technologies continue to grow, with offshore sales evidencing the maturing of the technologies.
2. Grow Wellington has worked with Kapiti Coast District Council to establish a framework for a Clean Technology Trust to support the scale up of the clean technology sector through the Wellington Region. The Clean Technology Trust will support three key test projects at the CTC.
3. A programme of work for the Marine Energy Centre is underway. Grow Wellington produced a New Zealand-focussed report based on the European Marine Energy Centre. This report was delivered to the Ministry of Science & Innovation and used to validate the decision to move to a full business case. The full business case has been scoped and tendered to the market.

BIOTECHNOLOGY

A realigned strategy for this Centre of Excellence was introduced in August 2011, with three priorities:

1. Connect the key organisations across the region and in doing so strengthen the ecosystem from which science-led innovations will emerge
2. Test the sector for both its substance and its sustainability
3. Plan strategically for the longer term growth of the sector, aligning the plan with the views of stakeholders, key organisations and businesses.

The first priority was met by November 2011 through a networking process of the senior leaders across the region's universities, crown research institutes, independent research institutes, district health boards and biomedical businesses. In addition there was active engagement with national organisations such as Medical Technology Association NZ, NZBio and the NZ Health IT Cluster, as well as with the National Health Innovation Hub. Relationships with Ministries were re-established, particularly with New Zealand Trade & Enterprise's Health Programme.

Grow Wellington is mapping this ecosystem and using it to:

- › Show the network of strategic resources (facilities, activities and people) across the region
- › Identify and support joint ventures between the ecosystem's constituents
- › Support emerging prospects for joint ventures
- › Provide opportunities for businesses to connect to research and vice versa
- › Provide opportunities for students pre and post-doctoral to gain experience in businesses and thereby contribute to their growth.

To test the viability of the sector as a Centre of Excellence we devised the **Innovating for Health Challenge** as a means of bringing forward science-led health focused innovations with commercial potential. The Challenge was launched at the end of 2011 and promoted directly through the key organisations that make up the ecosystem. 40 Submissions were made by the end of March.

Over 80 people attended the Innovating for Health Showcase held in March at the Wellington Regional Hospital/University of Otago Wellington Medical School. The Showcase, with a keynote presentation by the Director of the Alfred E Mann Institute of Biomedical Engineering in California, brought together researchers, clinicians, entrepreneurs, members of the innovations community and investors.

At year end Grow Wellington was still working with 38 submissions.

By the completion of the Challenge in July 2012, submissions that are judged to be market ready within 2-3 years as "Leading Health Innovations 2012", will be identified. At least one of these will be judged to be the Outstanding Health Innovation 2012, to receive \$50,000 of development funding. All leading innovations will continue to receive the Grow Wellington's support as they develop through to start up and commercialisation.

The success of the Health Challenge would have triggered a wider discussion with the constituents of the biomedical ecosystem, resulting in a strategic plan for sector growth. This has been superseded by Grow Wellington realigning its management structure, to subsume the Biomedical and Clean Tech Centres of Excellence under a broader Science & Technology role. The plan for sector growth will form a central plank in the science & technology strategy, which is intended to be built around the views of stakeholders, key ecosystem constituents and businesses. This will be delivered in the year 2012/13.

PRIORITY SECTORS

PRIMARY AND MANUFACTURING SECTORS

PRIMARY

Potentially one of the largest economic development projects in the Wellington Region, the Wairarapa Water Use Project (WWUP) continued to gain momentum during 2011/12 with the funding support and project management of Greater Wellington Regional Council.

Grow Wellington's role has become more focused around the commercial aspects of the project and in the second half of the year the creation of a financial model to derive the required revenue from any particular scheme or schemes was commissioned. Once the indicative costings are available from the project's technical consultants, this will allow financial viability to become one of the selection criteria for moving any given scheme into a full feasibility phase and eventually construction and operation.

A related initiative has been the creation of the Wairarapa Water Users Society, a user group of existing rural water consent holders in Wairarapa. With the strong support of the national body, Irrigation NZ, Grow Wellington has provided management support to the group during its formation and ongoing operational set-up phase. The user group now has nearly 70 members and encompasses just over 7,000 ha of irrigated land which is around 70% of the irrigated land in the Wellington Region. The group is focused on the immediate issues of:

- › compliance with the new national standards of water measurement
- › the roll out of best practice in irrigation
- › input into the new Regional Plan

In addition they have an active interest in the development of the WWUP as they form a potential customer base for any stored water.

MANUFACTURING

The manufacturing sector of the region, like the rest of New Zealand, has experienced a slightly better year but the economic conditions are still difficult. This has meant that a committed focus on productivity is vital for survival and laying the foundations for future growth.

Grow Wellington has continued to deliver the Optimising Manufacturing Programme throughout the region during 2011/12. This programme which involves the placement of graduates with manufacturers to assist with process improvement projects, resulted in companies making significant gains that impacted directly on the bottom line.

An indicator of the quality of the graduates selected and employed by Grow Wellington is the fact that over the two and a half years that the programme has run, seven of the 11 graduates have gained employment in the sector (four within the region).

In the second half of this year, Grow Wellington has actively sought an independent party to deliver the project both regionally and nationwide. At the end of the 2011/12 year conditional approval with an industry training organisation has been reached to achieve this.

2011/12 also saw the development of Wellington's Competitive Edge, a lean manufacturing training programme which regional companies complete together. Grow Wellington's role was to assemble the content providers, Skills4Work and WelTecConnect, into a single package, secure the Central Government support via the High Performance Working Initiative of Department of Labour and then secure the companies.

The programme spans eight months of training at both strategic leadership and productivity improvement levels within companies.

PRIORITY SECTORS

PRIMARY AND
MANUFACTURING SECTORS

THE WELLINGTON COMPETITIVE EDGE

The Wellington Competitive Edge is a lean manufacturing programme that has been specifically tailored for regional businesses to improve their processes and systems to become more competitive in a global marketplace.

Lean manufacturing is a practice that focuses on reducing the expenditure of any resources within production and business processes that do not contribute to the goal of creating value that the end customer is prepared to purchase.

It is fast becoming the standard under which globally innovative manufacturing companies operate. As such, Grow Wellington's manufacturing priority sector made getting a bespoke programme up and running in Wellington a priority for the 2011/12 year.

Grow Wellington's role in initiating Wellington Competitive Edge was to identify and co-ordinate the content providers, Skills4Work and WelTecConnect, into a single package, secure the Central Government support via the High Performance Working Initiative of the Department of Labour and then secure the companies. The programme spans eight months of training at both strategic leadership and productivity improvement levels within companies. The first programme kicked off in May 2012 with participation from:

- › Label & Litho
- › Groenz
- › Racetech
- › Charta Packaging
- › Pertronic Industries
- › Industrial Mouldings

One of the unique aspects of the Wellington Competitive Edge is that companies learn with each other and from each other. Because of Wellington's compact nature and tendency for companies to work co-operatively where possible many of the participants in the inaugural programme are involved in the same supply chain. This has resulted in real efficiencies being developed and implemented immediately. The current programme will complete in November 2012 and it is planned to run these programmes on an annual basis subject to securing funding support.



PRIORITY SECTORS

EDUCATION SECTOR

Grow Wellington continues to work with the Education Wellington International Board and a 48 -strong institutional membership in order to promote Wellington as a world-class study destination.

According to the 2011 Export Education Levy Statistics published by the Ministry of Education, Wellington enjoyed an 11.6% increase in foreign student enrolments from 5,385 in 2010 to 6,009 in 2011. The region hosted 6.1% of all international students in the country, up from 5.4% in 2010.

This increase equates to approximately 14 million dollars in additional economic impact to the region.

In 2011 Education Wellington Incorporated membership included three primary schools, 30 secondary schools, two language schools, eight private training providers, three ITPs, two universities, and three associate members.

The top five source markets for Wellington in 2011 were China, Vietnam, India, Germany, and Malaysia.

When marketing the region as an education destination, one of the biggest challenges is still a lack of awareness of the benefits of an education in the Wellington Region in the key markets of China and Vietnam. Close and continuing engagement with agents from these key markets to ensure they are well equipped and confident to promote the region as an excellent destination for international students is core to the success of the programme and continues to be a key area of focus.

In the Vietnamese market Grow Wellington has pursued a proactive and collaborative approach to working with agents. Student numbers in Wellington increased from 218 in 2007 to 445 in 2011. Immigration NZ has indicated that first time student visas continued to climb in 2011 across New Zealand. However, a slowdown in the Vietnamese economy may yet impact numbers arriving from Vietnam in the future. It is important that Education Wellington continues to maintain an active presence in this major market and continue to provide resources to Vietnamese agents in order to assist them in marketing education providers in the region.

Education Wellington worked with NZTE to hold agent training seminars in Ho Chi Minh City and Hanoi in March 2011.

Combined, these were attended by over 100 Vietnamese agents, making it one of the largest education seminars held in market by a New Zealand organisation.

“The Education Wellington seminars in Vietnam were an incredibly effective and efficient way of entering a new market. There is simply no way we would have been able to meet this number of agents if we had been marketing alone. The impact of jointly marketing with other institutions under the umbrella of the Education Wellington brand adds real value to our products.”

- David Fowler – CEO, MFH Institute.

China continues to be developed as the second key market for Education Wellington, with a 2011 focus of promoting Wellington as an education destination, establishing which Chinese cities are most viable for raising brand awareness and establishing key agent contacts in.

Chinese student numbers increased in the Wellington Region in 2011 by 14%, against a national average of 8.5%.

Grow Wellington continued to develop the China market in the 2011/12 financial year. In March 2012 Education Wellington travelled to China to attend education fairs and meet education agents in a number of tier one cities, including: Beijing, Shanghai, Guangzhou and second tier cities including Nanjing, X'ian and Hangzhou. Up to ten Education Wellington member institutions attended seminars, education fairs, and agency visits in these cities and met over 60 key education agencies and independent agents. An Education Wellington focused seminar in Shanghai attracted considerable interest and is a benchmark for attracting future activity in the market.

Education Wellington has also begun an online engagement initiative utilising Sina Weibo, the Chinese equivalent to Twitter, which has had a high uptake from agents and lays the foundation for regular and ongoing communications directly into the market.

Grow Wellington continues to work with other economic development agencies, regional educational groups and the new Education NZ crown agency to promote NZ education around the world.

In 2012 Grow Wellington continued to develop its online teaching and cultural exchange programme. This programme involves New Zealand teachers delivering real time English conversation lessons into Korean after-school programmes using web-based technology. Online trials resumed in November 2011 with a school in Korea and these were well received. However, efforts to establish a distribution channel in Korea have, to date, been unsuccessful.



PRIORITY SECTORS

FILM SECTOR

Grow Wellington has direct engagement with Wellington's world-famous film industry through its highly-regarded film division, Film Wellington. The local screen sector has had another successful year, with the latest Statistics NZ Screen Survey results showing ongoing positive growth trends in screen production for the Wellington Region.

The majority of revenue for Wellington-based screen industry businesses came from feature film work, at half a billion dollars in 2011. Up from \$474 million last year, this was an overall increase of 5 percent, with production revenue recovering most of its 2010 fall.

Post-production revenue from Wellington businesses fell from its 2010 high, but still accounted for three-quarters of the NZ post-production revenue. Such movements are not uncommon given the nature of large project-based film productions.

Wellington continues to attract international feature productions with Hollywood's best working here and relocating to live here. These entrepreneurs who attract and propagate work are one of the sector's most important assets. Their consistent ability to secure foreign-financed activity over a number of years has led to these current successes – feature film or otherwise.

Wellington played host to The Avengers, Ridley Scott's Prometheus, Steven Spielberg's TinTin, The Rise of the Planet of the Apes, X-Men: First Class, Peter Webber's Emperor and of course The Hobbit, plus many local feature films, television and non broadcast media.

Whilst filming in Wellington, the US/Japanese feature film Emperor used the Old Museum Building as a stand-in for the US Embassy in Japan during WWII. Mike Holloway, Location Manager for US feature Emperor says,

"It was brilliant to be filming in Wellington. Everybody was very supportive, and went out of their way to make it work for us. I highly recommend Wellington as a location and the support from Film Wellington was invaluable. They had the ability to direct us to the right people at the right time when we needed something from the city and smoothed the path ahead for us".

Film Wellington issued 191 permits for the year over 304 shoot days and handled 650 enquiries from all around the world.

Emmy-award winning production company KHF

Media filmed their new eight-part TV series Girl vs Boy in the Wellington suburb of Seatoun, due for release on TV2 in July.

"Film Wellington were very easy to deal with and helped us to secure locations, close the streets (when necessary) and work with the local community. A job well done – and vital in our business!"

- Carly Neemia – Producer, KHF Media Limited

Local stalwarts Gibson Group completed NZ feature film Fresh Meat starring Temuera Morrison and written by Kapiti resident Briar Grace-Smith. This was filmed entirely throughout the Wellington Region.

Filmmaking duo Mark Albiston and Louis Sutherland completed their debut feature film Shopping, set on the Kapiti Coast and filmed throughout the Wellington Region.

"Film Wellington and the Councils throughout the Wellington Region have helped to make filming as smooth as possible for us, facilitating and issuing our necessary permits and providing connections, information and support. They have been a great support in helping us bring this story to life."

- Sarah Shaw – Producer

In a positive development for the sustainability and future growth of the sector, figures for feature film and screen content sales have also climbed nationally thus adding to the overall Statistic NZ Survey result.

Film Wellington and the creative and digital services team continues to ensure the Wellington Region has the capability, connections and grassroots support to enable the industry to continue to grow and develop in every aspect both locally and internationally.



*A scene from feature film Shopping, on location in Paekakariki, Kapiti.
Photo credit: Joseph Kelly*

PRIORITY SECTORS

FILM SECTOR

THE HOBBIT

Film Wellington has had extensive involvement in the facilitation of The Hobbit over the past 18 months, providing permits, correspondence and regulatory support.

“Thanks to the support of Film Wellington, yet another successful film production has been undertaken in the capital. There have been many occasions over the last two years whilst filming “The Hobbit” where the services provided by Film Wellington

have made all the difference when it came time for me to engage with both the community and stakeholders alike. Without a doubt, they provide a vital link for all film making in the region. I know that whenever I need their help, it will always be forthcoming, no matter how left field the request may be.”

- Jared L E Connon – Supervising Location Manager, “The Hobbit”

A valuable sector for the Wellington Region, both in terms of tourism identity and the economic output that regional producers and suppliers generate, the Wellington Food and Beverage Sector has had a strong year in 2011/12 generating \$597 million dollars of economic impact.

The Food and Beverage Sector employed an average of 4,729 persons in Wellington in 2011 which was up from 4,535 in 2010.

Grow Wellington offers support to the sector through connecting industry members to valuable networks tailoring individual workshops to meet specific requirements.

New Zealand Food Innovation Network:

Food and beverage manufacturers in the Wellington Region were some of the first to learn details of the recently established New Zealand Food Innovation Network (NZFIN). Thirty food and beverage businesses from throughout the region were introduced to the NZFIN's capabilities in mid-May and had the chance to network with their peers. Several companies have already been connected with the Network to discuss specific new product development projects.

Food & Beverage Manufacturers Group:

A group of the largest food and beverage manufacturers in the region was formed to discuss common issues that restrict growth for this sector of the industry and how Grow Wellington could support them. Outcomes will be reported on in 2012/13.

Export Readiness Workshop:

At the other end of the spectrum, a workshop for smaller food manufacturers was facilitated to inspire about export opportunities and start the process of developing a plan for export growth.

For those companies that are further advanced with export growth plans, specifically targeting the Australia market, Grow Wellington put forward four Wellington Region food and beverage companies for New Zealand Trade & Enterprise's Path to Market 2011 programme. A further eight companies have been recommended for the 2012 programme (to commence June 2012) - three of these will participate.

	2009	2010*	2011*	% increase
Festival (industry participants)				
DINE Wellington	43	88	99	
Festival Events	30	83	80	
Participants				
Total	-	17,348	25,431	47%
Out of Region	-	694	879	27%
Economic Impact				
GDP (\$)	-	314,000	439,000	40%
Employment (FTEs)	-	6	9	50%

**Capped number of events and Dine Wellington restaurants to ensure quality over quantity.*

In addition to the above and general support provided through the business growth team, Grow Wellington undertook two significant projects in the sector in the 2011/12 year.

Visa Wellington On a Plate:

New Zealand's premier culinary festival had its third installment in 2011. The appeal of the festival continues to increase with consumers, industry and media alike and continues to support Wellington's position as the Cuisine Capital of New Zealand (see below table for numbers and percentage increases – all figures from BERL Economic Impact Assessment).

Media coverage worth almost \$815,000, reaching an audience of almost one million (press, online, TV, radio coverage), was achieved by the 2011 festival.

In addition to the core festival pillars of DINE Wellington, Burger Wellington and festival events, the following new elements were established during Visa Wellington On a Plate 2011:

- › Wellington Bake Club, sponsored by New World: this consumer promotion, managed and promoted via the festival's social media channels, attracted over 70 Bake Clubs, consisting of between 350 and 400 bakers, competing to take out the inaugural "Bake Off" title. A core criterion of this competition was that regionally produced products were included in all baked goods, further raising the awareness of and demand for Wellington regional food and beverage products.
- › The Wellington Fisher & Paykel MasterClass: this event was established in 2011 as the flagship event of the festival and to continue to support the festival's aim of attracting visitors from outside the region, including from Australia and beyond.
- › The Supplier Showcase (February 2012): to further raise the profile of Wellington regional products and continue to create connections between the supply side and the region's hospitality sector, a "Supplier Showcase" was held during the Visa Wellington On a Plate 2012 application period – the time when event managers, restaurant owners and chefs are actively looking for regional produce for their menus and events.

Grow Wellington's objective for Visa Wellington On a Plate is to provide Wellington Region producers, manufacturers and suppliers of food and beverage products with a platform from which to develop their export potential. The 2011 festival helped to realise this objective further with over 22% of the DINE Wellington restaurants surveyed having taken on new suppliers from within the region, as a result of participating in the festival. Furthermore, 55% of restaurants expressed a strengthened relationship with local suppliers due to Visa Wellington On a Plate.

THE WELLINGTON FOOD & BEVERAGE DATABASE

In line with its objective to increase regional food and beverage exports, and to profile the diverse range of food and beverage businesses in the Wellington Region, Grow Wellington developed the Wellington Food & Beverage Database. Showcasing Wellington's food and beverage producers, manufacturers and suppliers, the database allows a glimpse into each company, its products, brands and export capability.

The database was established to assist with connecting food buyers in the food service and retail sectors with high-quality products from around the region.

A total of 160 businesses are profiled in the database; a number which continues to increase each month.

Since the establishment of the database more than 1,300 unique visitors have interacted with the database and the companies profiled within it. While close to two-thirds of the visitors within the first six months of the database being live have been from within the Wellington Region, visitors from throughout New Zealand, Australia, North America, the UK, India, Italy and the Philippines also feature within the top ten regions visiting the database.

"As a Wellington business that's been around for nearly 100 years, we've always done our best to support our local manufacturers and producers. That's one reason why we value the Wellington Food & Beverage Database so highly; it has made it very clear to everyone just how extensive our local resources are."

- Julie Moore - Moore Wilsons



FOOD AND BEVERAGE - CASE STUDY

CARELLO GELLATO

Carello Gellato is an award-winning gelato company that debuted their product in Wellington's Italian Festival in 2004. The company's owner, Nathan Meyer first connected with Grow Wellington in 2010 after achieving moderate expansion of his company. Carello Gellato was selling from a distinctive cart at events around Wellington and was supplying several local restaurants directly.

The business growth team connected Nathan to NZTE programmes and provided referrals to KPMG for governance and investment advice. Carello Gellato also received NZTE capability vouchers which allowed the company to contract in some expert advice for the business.

Inclusion in the Food Innovation Network was another opportunity facilitated by Grow Wellington.

The network is a national initiative supported by the Ministry of Business, Innovation and Employment which aims to reduce barriers to new product development within the food industry. Since joining, Carello Gellato has begun examining the potential for new product development and expanded the

supplier base of their existing products.

Carello Gellato made an impression with key Wellington foodies in 2011 when it featured prominently at the inaugural Fisher & Paykel MasterClass as part of Visa Wellington On a Plate.

In 2012 Nathan participated in the VWOAP supplier showcase. As a result Carello Gellato has featured in a wide range of DINE Wellington menus that will be served during August.

Nathan's next steps are to develop export markets and Carello Gellato has been recommended for the highly contested NZTE Path to Market programme in 2012.

As an energetic cuisine entrepreneur with a great product, Nathan's vision and desire to improve has been the critical factor in his success. Grow Wellington has assisted with connections, facilitation and inspiration and will continue to work with Nathan to help him achieve the goals he has for Carello Gellato locally, nationally and internationally.



PRIORITY SECTORS

CREATIVE HQ

Creative HQ (CHQ) is the Wellington Region's Business Incubator.

Within the Incubator, Creative HQ takes an integrated approach to supporting the building of start-up businesses. Through this integrated approach, entrepreneurs are assisted in applying technology to take their innovation to market. CHQ's core business is supporting rapid early-stage business development all the way from idea through venture establishment to first successful forays into international markets. In the 2011/12 year. The result is significant value creation through a groundswell of young, innovative and successful enterprises. These enterprises have the potential to be an important part of the future of a sophisticated regional and national economy.

The services CHQ offer include formal incubation, mentoring and advisory support, and specialist support for evaluating, nurturing and initiating new venture opportunities from science and technology.

Creative HQ creates an environment that stimulates ideas, innovation and entrepreneurship. It places strong emphasis on digital sector start-ups and specifically supports the creation of new ventures from research and science within the region by working with a range of science and research organisations.

Over the past year Creative HQ has supported 56 ventures; two pre-incubation, 19 in incubation, 19 commercialisation projects and 16 post incubation ventures. CHQ supported incubator clients to raise \$2.8M in investment.

Creative HQ tracks alumni ventures and collectively these companies have generated \$310M in economic value since 2008 and continue to grow sustainably.

Creative HQ's major achievements in 2011/12 include:

- › Securing a major contract to provide commercialisation services to the MacDiarmid Institute and are actively working with 18 projects at different life-stages. We have also begun work under the MSI Return on Science programme to be the Wellington regional representative on the investment panel for early stage funding and strategic input for publicly funded science and hi-tech research.
- › Engagement with Wellington's institutions resulted in the inaugural Gaming Boot Camp for graduates of Victoria University's gaming programme. Twelve students participated in the Boot Camp and as a consequence there are two new gaming companies formed that are now actively in negotiations with clients and partners. We are also providing ongoing advice to Victoria's First Light Team (School of Architecture) and are incubating Noble Bond, another University spin off nanotechnology company.
- › Actively planning for the establishment of the Wellington Digital Accelerator has begun. To this end CHQ have been accepted as full members of

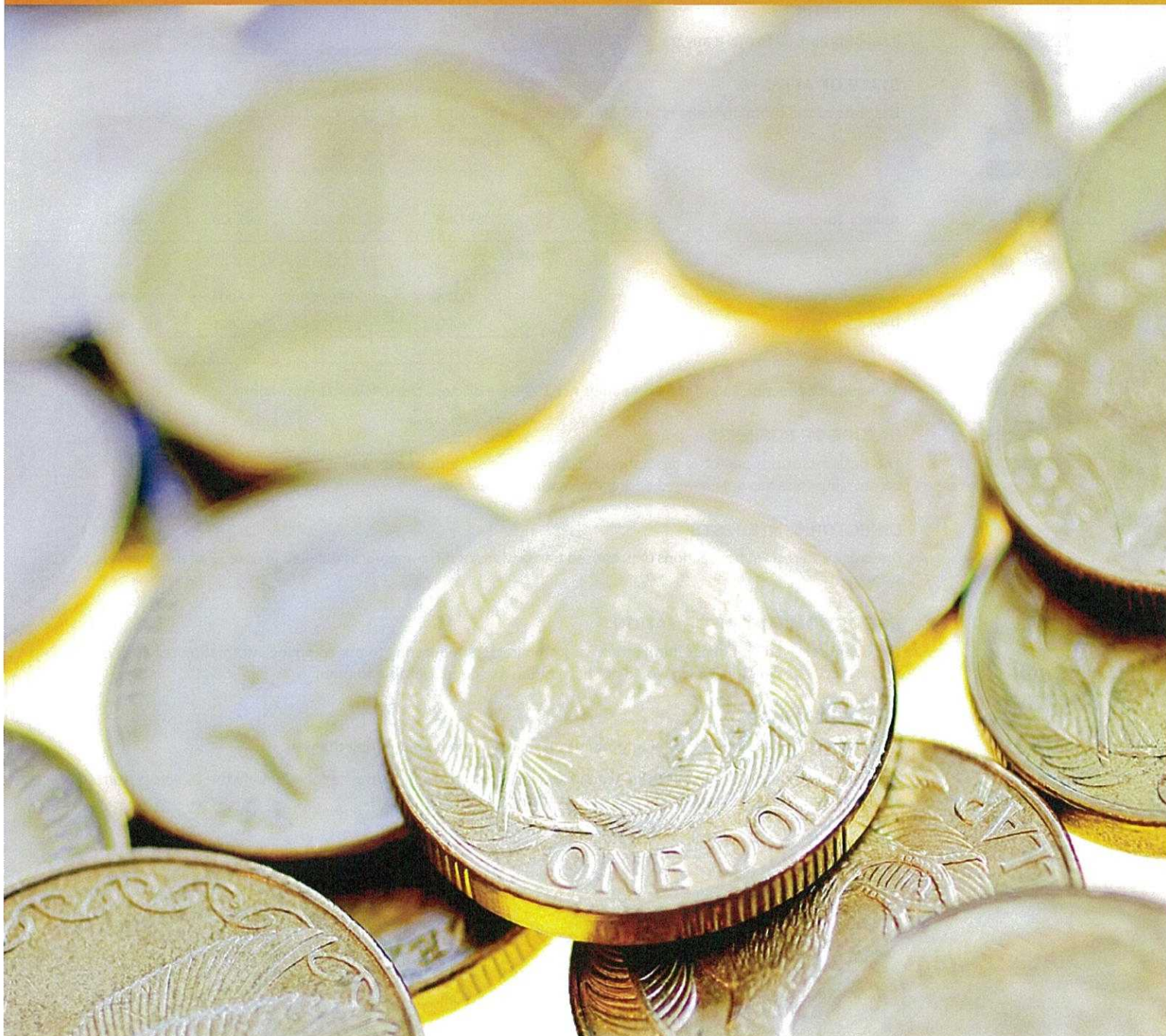
the Global Accelerator Network, the only New Zealand organisation to hold this position.

- › Creative HQ is the Wellington partner for the Microsoft Biz Spark programme. This includes a package worth up to \$60k for all qualifying ventures.
- › CHQ have been an integral part of the organisation of the inaugural Wellington Start-Up Weekend and a founding member of the Wellington Lean Start Up Movement.

With the incubator foundations in place and performing well, Creative HQ is focusing on accelerating the formation of new ventures in the digital space through our digital accelerator, providing specialist commercialisation support to new projects and ventures generated by institutions, and growing the pool of potential start-ups and developing their entrepreneurial capability.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012



Grow Wellington Limited Annual Report for the year ended 30 June 2012

The Board of Directors present their Annual Report including Financial Statements of the parent and group for year ended 30 June 2012.

TRADING RESULTS

	2012	2011	2012	2011
	\$	\$	\$	\$
Total Comprehensive Income	(19,969)	-	(19,969)	-
Retained earnings beginning of period	56,978	56,978	56,978	56,978
	37,009	56,978	37,009	56,978

DIVIDENDS

The Directors recommend that no dividend be paid for the year.

TRANSFERS

It is not proposed to make any transfer to reserves.

STATE OF AFFAIRS

The state of the company's affairs at 30 June 2012:

	2012	2011	2012	2011
	\$	\$	\$	\$
Assets Totalled	597,461	676,723	694,020	746,743
Financed By:				
Shareholders Funds of	37,009	56,978	37,009	56,978
Liabilities of	560,453	619,745	657,011	689,765
	597,462	676,723	694,020	746,743

As required by section 211 of the Companies Act 1993, we disclose the following information:

NATURE OF BUSINESS

The business of the parent is facilitating economic development of the Wellington Region. The nature of the parent's business has not changed during the year under review.

DIRECTOR'S INTERESTS

Director's interests in transactions or proposed transactions of the company as detailed in note 23 of the financial statements.

USE OF COMPANY INFORMATION

The Board received no notices during the year from directors requesting to use company information received in their capacity as directors which would not have otherwise been available to them.

SHARE DEALINGS

No director acquired or disposed of any interest in shares in the parent during the year.

The Company's parent, the Wellington Regional Council, has arranged insurance to indemnify the Directors from any liability resulting from any act or omission in their capacity as Directors.

DIRECTOR'S REMUNERATION

Remuneration and other benefits paid or due and payable to directors, for services as director and any other capacity, during the year, is as follows:

	PARENT		GROUP	
	2012	2011	2012	2011
	\$	\$	\$	\$
Director				
Parent				
Paul Mersi (Chairman)	29,167	2,500	29,167	2,500
Anders Crofoot	15,000	-	15,000	-
Barry Brook	15,000	-	15,000	-
Dr Dianne McCarthy	15,000	15,000	15,000	15,000
Karen Fifield	15,000	-	15,000	-
Peter Robertson	15,000	15,000	15,000	15,000
Rachel Taulelei	15,000	15,000	15,000	15,000
Richard Stone	15,000	-	15,000	-
John Lumsden	-	15,000	-	15,000
John McFadzean	-	15,000	-	15,000
Murray McCaw (former Chairman)	-	20,000	-	20,000
Paul Swain	-	3,750	-	3,750
Vivienne Beck	-	6,250	-	6,250
Subsidiary				
Geoff Todd (Chairman)	-	-	6,000	9,500
Barry Brook	-	-	2,333	-
Melissa Clark-Reynolds	-	-	4,000	2,333
Nick Lewis	-	-	4,000	2,333
	134,167	107,500	150,500	121,666

DONATIONS

No donations were made by the Parent and Group during the year to 30 June 2012, (30 June 2011 nil).

DIRECTORS

All directors held office for the full year except as noted below. No other person held office as director at any other time during the period.

Parent	Resignation Date	Appointment Date
Paul Mersi (Chairman)		5-Apr-11
Anders Crofoot		1-Jul-11
Barry Brook		1-Jul-11
Dr Dianne McCarthy		1-Jul-10
Karen Fifield		1-Jul-11
Peter Robertson		1-Jul-10
Rachel Taulelei		1-Jul-10
Richard Stone		1-Jul-11
Subsidiary		
Geoff Todd (Chairman)		3-Sep-10
Barry Brook		16-Dec-11
Melissa Clark-Reynolds		29-Oct-10
Nicholas Lewis		29-Oct-10

EMPLOYEE REMUNERATION

Remuneration paid to employees over \$100,000 during 2012 financial year is grouped as follows:

	2012	2011
	Number of Employees	
Salary Band		
Parent		
\$100,000 to \$109,999	2	1
\$110,000 to \$119,999	2	1
\$120,000 to \$129,999	1	1
\$130,000 to \$139,999	1	1
\$140,000 to \$149,999	1	-
\$150,000 to \$159,999	1	-
\$260,000 to \$269,999	-	1
\$360,000 to \$369,999*	1	-
* This includes a severance payment		
Subsidiary		
\$100,000 to \$109,999	1	2
\$110,000 to \$119,999	1	-
\$180,000 to \$189,999	1	1

The above subsidiary employees are employed by Grow Wellington Limited, but worked for Creative HQ Limited (the subsidiary) during 2011/12.

Audit New Zealand are the auditors of the 2012 financial statements and Statement of Intent measures. Audit Fees of \$30,000 were payable by the parent during the 2012 financial year. Creative HQ audit fee for 2012 is \$13,000.

GENERAL

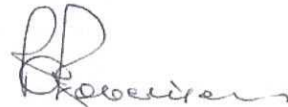
In the directors' opinion, the current financial position of the parent and group is considered to be satisfactory.

For and on behalf of the Board:



Paul Mersi
Chair, Grow Wellington

dated
14th September 2012



Peter Robertson
Director & Chairman of AFR Committee

dated
14th September 2012

TO THE READERS OF GROW WELLINGTON LIMITED AND GROUP'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

The Auditor General is the auditor of Grow Wellington Limited (the company) and group. The Auditor General has appointed me, Karen Young, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company and group on her behalf.

We have audited:

- › the financial statements of the company and group on pages 38 to 54, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- › the statement of service performance of the company and group on pages 8 to 12.

Opinion

Financial statements and statement of service performance

In our opinion:

- › the financial statements of the company and group on pages 38 to 54:
- › comply with generally accepted accounting practice in New Zealand; and
- › give a true and fair view of the company and group's:
- › financial position as at 30 June 2012; and
- › financial performance and cash flows for the year ended on that date; and
- › the statement of service performance of the company and group on pages 8 to 12:
- › complies with generally accepted accounting practice in New Zealand; and
- › gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company and group as far as appears from an examination of those records.

Our audit was completed on 14 September 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company and group's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control.

An audit also involves evaluating:

- › the appropriateness of accounting policies used and whether they have been consistently applied;
- › the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- › the adequacy of all disclosures in the financial statements and statement of service performance; and
- › the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- › comply with generally accepted accounting practice in New Zealand;
- › give a true and fair view of the company and group's financial position, financial performance and cash flows; and
- › give a true and fair view of the company and group's service performance.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the company or any of its subsidiaries.

Karen Young

Karen Young

Audit New Zealand

*On behalf of the Auditor General
Wellington, New Zealand*

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

This audit report relates to the financial statements and performance information of Grow Wellington Limited for the year ended 30 June 2012 included on Grow Wellington Limited's website. The Grow Wellington Limited's Board is responsible for the maintenance and integrity of Grow Wellington Limited's website. We have not been engaged to report on the integrity of Grow Wellington Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements and performance information since they were initially presented on the website.

The audit report refers only to the financial statements and performance information named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and performance information. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and performance information and the related audit report dated 14 September 2011 to confirm the information included in the audited financial statements and performance information presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

GROW WELLINGTON LIMITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	PARENT			GROUP		
		2012	2012	2011	2012	2012	2011
		\$	\$	\$	\$	\$	\$
		Actual	Budget	Actual	Actual	Budget	Actual
Revenue							
Council Contributions		4,564,006	4,250,000	4,314,230	4,564,006	4,250,000	4,314,230
Grant Revenue New Zealand Trade and Enterprise (NZTE)		200,427	-	41,160	800,427	-	641,160
Grant Revenue Ministry of Science and Innovation (MSI)		636,667	-	598,333	636,667	-	598,333
Sponsorship		5,625	-	1,875	134,553	-	11,875
Fee Income		17,899	631,000	93,476	97,293	2,257,000	149,821
Success Fees		-	-	-	4,750	-	6,815
Other Revenue		378,442	-	299,535	383,331	2,257,000	299,535
Other Revenue	4	378,442	-	299,535	388,079	-	306,350
CHQ Management Fee		167,440	-	160,640	-	-	-
Interest income		160	-	2	6,722	-	9,295
TOTAL REVENUE		5,970,666	4,881,000	5,509,251	6,627,747	6,507,000	6,031,064
Expenditure							
Personnel Costs	7	2,929,810	-	2,469,125	3,842,353	-	3,239,795
Directors Fees and Expenses	21	139,913	4,809,000	117,955	157,118	6,435,000	132,121
Creative HQ Funding		817,936	-	826,771	-	-	-
Other Operating Expenses	5	2,051,743	-	2,042,183	2,597,012	-	2,605,931
Depreciation and Amortisation Expense	24, 25	51,233	72,000	53,217	51,233	72,000	53,217
TOTAL EXPENDITURE		5,990,635	4,881,000	5,509,251	6,647,716	6,507,000	6,031,064
NET SURPLUS / (DEFICIT) BEFORE TAX		(19,969)	-	-	(19,969)	-	-
Income Tax Expense	8	-	-	-	-	-	-
NET SURPLUS / (DEFICIT)		(19,969)	-	-	(19,969)	-	-
Other Comprehensive Income		-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (EXPENSE)		(19,969)	-	-	(19,969)	-	-

The accompanying accounting policies and notes form an integral part of the Financial Statements. Explanations of major variances are explained in note 27.

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

GROW WELLINGTON LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

Retained earnings	PARENT			GROUP		
	2012	2012	2011	2012	2012	2011
	\$	\$	\$	\$	\$	\$
	Actual	Budget	Actual	Actual	Budget	Actual
Balance at 01 July	56,978	57,000	56,978	56,978	57,000	56,978
Total Comprehensive Income / (Expense)	(19,969)	-	-	(19,969)	-	-
Balance at 30 June	37,009	57,000	56,978	37,009	57,000	56,978

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

GROW WELLINGTON LIMITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	PARENT			GROUP		
		2012	2012	2011	2012	2012	2011
		\$	\$	\$	\$	\$	\$
		Actual	Budget	Actual	Actual	Budget	Actual
ASSETS							
Current							
Cash and Cash Equivalents	9	182,321	170,000	223,742	244,523	230,000	333,123
Trade and Other Receivables	11	73,796	190,000	222,811	113,017	195,000	241,330
Prepayments		6,267	-	3,012	8,305	-	4,013
Intercompany Balance	23	6,902	-	58,881	-	-	-
Grant Income Receivable	6	203,136	100,000	29,130	203,136	100,000	29,130
Total Current Assets		472,422	460,000	537,576	568,981	525,000	607,596
Non-Current							
Property, Plant & Equipment	24	116,062	180,000	122,937	116,062	180,000	122,937
Intangible Assets	25	8,977	12,000	16,210	8,977	12,000	16,210
Total Non-Current Assets		125,039	192,000	139,147	125,039	192,000	139,147
TOTAL ASSETS		597,461	652,000	676,723	694,020	717,000	746,743
LIABILITIES							
Current							
Trade and Other Payables	12	265,466	280,000	272,289	300,038	315,000	340,790
GST Payment Due		74,690	28,000	81,962	75,921	33,000	72,815
Creative HQ Incubatee Bonds		-	-	-	9,145	10,000	10,666
Employee Entitlements	13	140,115	218,000	190,266	170,035	233,000	190,266
EWI (Inc) Trust Funds	18	76,932	59,000	75,228	76,932	59,000	75,228
Revenue in Advance	17	3,250	10,000	-	24,940	10,000	-
Total Current Liabilities		560,453	595,000	619,745	657,011	660,000	689,765
TOTAL LIABILITIES		560,453	595,000	619,745	657,011	660,000	689,765
NET ASSETS		37,009	57,000	56,978	37,009	57,000	56,978
EQUITY							
Retained Earnings		37,009	57,000	56,978	37,009	57,000	56,978
TOTAL EQUITY		37,009	57,000	56,978	37,009	57,000	56,978

The accompanying notes form an integral part of the Financial Statements.

Explanations of major variances are explained in note 27.

GROW WELLINGTON LIMITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	PARENT		GROUP			
		2012	2012	2011	2012	2012	2011
		\$	\$	\$	\$	\$	\$
		Actual	Budget	Actual	Actual	Budget	Actual
CASH FLOWS FROM OPERATING ACTIVITIES							
Inflows							
Council Contributions		4,390,000	3,419,000	4,437,289	4,390,000	4,240,000	4,437,289
Grant Revenue		200,427	1,132,000	41,160	200,427	1,732,000	641,160
Other Revenue		1,360,045	347,000	1,058,886	2,995,406	547,000	963,550
Interest Revenue		160	-	2	6,723	-	9,295
GST Net		(7,272)	-	50,653	3,108	-	41,505
Cash Inflows from Operating Activities		5,943,360	4,898,000	5,587,990	7,595,664	6,519,000	6,092,799
Outflows							
Payments to Suppliers		2,879,760	4,872,000	2,877,790	2,809,192	6,483,000	2,547,762
Payments to Employees		3,119,875	-	2,594,068	4,837,638	-	3,378,404
GST Net		-	-	-	-	-	-
Interest Paid		-	-	-	308	-	-
Cash Outflows from Operating Activities		5,999,635	4,872,000	5,471,858	7,647,138	6,483,000	5,926,166
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	10	(56,275)	26,000	116,132	(51,474)	36,000	166,633
CASH FLOWS FROM INVESTING ACTIVITIES							
Inflows							
Sale of Property, Plant and Equipment		-	-	-	-	-	-
Outflows							
Purchase of Property, Plant and Equipment		35,714	26,000	40,879	35,715	26,000	40,880
Purchase of Intangible Assets		1,411	-	17,362	1,411	-	17,362
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(37,125)	(26,000)	(58,241)	(37,126)	(26,000)	(58,242)
CASH FLOWS FROM FINANCING ACTIVITIES							
Outflows							
Intercompany Balance		(51,979)	-	58,881	-	-	-
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		51,979	-	(58,881)	-	-	-
Net increase/(decrease) in cash and cash equivalents		(41,421)	-	(990)	(88,600)	10,000	108,391
Cash and cash equivalents at the beginning of the year		223,742	170,000	224,732	333,123	220,000	224,732
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9	182,321	170,000	223,742	244,523	230,000	333,123

The GST net component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST Net component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form an integral part of the Financial Statements.

Grow Wellington Limited**Notes to the Financial Statements for year ended 30 June 2012****STATEMENT OF ACCOUNTING POLICIES****1. REPORTING ENTITY**

The financial statements presented are for the Grow Wellington Group (The Group). The Group comprises Grow Wellington Limited (the Parent) and Creative HQ Limited, its 100% owned subsidiary.

The Parent was incorporated as Regional EDA Limited on 5 April 2007. The Parent changed its name to Grow Wellington on 25 February 2008.

The Parent is a company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand and operates from Wellington. The Parent is wholly owned by the Greater Wellington Regional Council and is a Council Controlled Organisation as defined under section 6 of Local Government Act 2002.

The primary objective of the Group is to encourage, promote and support the establishment and growth of business investment and employment opportunities within the region, rather than make a financial return.

The registered office of the Parent is 142 Wakefield Street, Wellington, New Zealand.

The financial statements of the Parent and Group are for the year ended 30 June 2012. The financial statements were authorised for issue by the Board on 14 September 2012.

2. BASIS OF PREPARATION**(A) STATEMENT OF COMPLIANCE**

The financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to public benefit entities.

The Group financial statements have been prepared in accordance with the requirement of the Financial Reporting Act 1993 and the Companies Act 1993.

The Group qualifies for Public Benefit Entity reporting exemptions as its primary objective is to provide services for the community or social benefit by promoting and supporting the establishment and growth of business investment and employment opportunities within the region. The Parent and Group have been established with a view to supporting that primary objective rather than financial return. All appropriate Public Benefit reporting exemptions have been adopted.

The Parent and Group qualify 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.

(B) BASIS OF MEASUREMENT

The financial statements have been prepared on an historical cost basis, except for certain financial assets and liabilities that have been measured at fair value. The accounts have been prepared on a going concern basis.

(C) PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars (\$). This is the functional currency.

(D) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes 3(e), 3(f), 3(g), 3(h), 3(i), 3(j) and 3(k).

(E) CHANGES IN ACCOUNTING POLICY

There have been no changes in accounting policies during the year.

3. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF CONSOLIDATION

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, income, and expense on a line-by-line basis. All significant intergroup balances, transactions, income, and expenses are eliminated on consolidation.

(i) Subsidiaries

The Parent consolidates in the group financial statements all entities where the Parent has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Parent controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Parent or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

The cost of a business combination is measured as the aggregate of:

- the consideration transferred, which is generally measured as acquisition date fair value;
- the amount of any non-controlling interest measured at either fair value or non-controlling interest in the fair value of the net identifiable assets of the acquiree; and
- the acquisition date fair value of the previously held equity interest in the acquiree, if any.

Any excess of the cost of the business combination over the Parent's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities is recognised as goodwill. If the Parent's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

Investments in subsidiaries are carried at cost in the Parent's financial statements.

(B) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate.

Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on transaction are recognised in the Statement of Comprehensive Income.

(C) FINANCIAL INSTRUMENTS

Financial Instruments are comprised of trade and other receivables, cash and cash equivalents, trade and other payables. The Parent and Group has no derivative financial instruments (i.e. hedging instruments) in the years reported.

The Parent and Group has no off-balance sheet financial instruments.

(i) Recognition and de-recognition of financial assets and liabilities

Financial assets and financial liabilities are recognised when the Parent and Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for those carried at fair value through profit or loss, which is measured at fair value.

(ii) Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification based on the purpose for which financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

The Group currently holds financial assets in one classification as defined by NZ IAS 39 - *Financial Instruments: Recognition and Measurement*.

Loans and receivables comprise:

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an

active market. After initial recognition they are measured at amortised costs using the effective interest method less impairment. Gains and losses when the asset is impaired or sold are accounted for in the Statement of Comprehensive Income.

(iii) Subsequent measurement of financial liabilities

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(iv) Impairment of financial assets

All financial assets are subject to review for impairment at least once each reporting date. Trade and other receivables are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade and other receivables are presented in the Statement of Comprehensive Income, within expenses.

(D) CASH AND CASH EQUIVALENTS

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.

(E) TRADE AND OTHER RECEIVABLES

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 Parent 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 flows discounted using effective interest method. Receivables with a short duration are not discounted.

(F) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment are shown at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(i) Additions

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 future economic benefits or service potential will flow to the Group and the cost of the item can be measured reliably.

(ii) Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset.

Gains and losses on disposals are included in the Statement of Comprehensive Income.

(iii) 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

(iv) Subsequent Costs

Subsequent costs for property, plant and equipment are capitalised only when future economic benefits or service potential will flow to the Group and the cost of the item can be measured reliably.

(G) INTANGIBLE ASSETS

Intangible assets that are acquired, which have 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	2-3 years
-------------------	-----------

(i) Amortisation

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the intangible assets. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

(ii) Computer Software

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.

(iii) Website Maintenance

Costs associated with developing and maintaining the Parent's website are recognised as an expense when incurred.

(H) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with finite useful lives are reviewed for impairment whenever an event or change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(I) TRADE AND OTHER PAYABLES

Trade and other payables are stated at amortised cost.

(J) EMPLOYEE ENTITLEMENTS**(i) Short-term benefits**

Employee benefits that the Parent expects to be settled within 12 months of balance date are measured at nominal value based on accrued entitlements at current rates of pay.

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 within 12 months and sick leave.

The Parent 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 Parent anticipates it will be used by staff to cover those future absences.

The Parent 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.

(ii) Superannuation schemes

Defined contribution scheme. Obligations for contributions to kiwisaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in profit or loss when incurred.

(K) PROVISIONS

The Parent recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Parent from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

(L) REVENUE

Revenue is measured at the fair value of consideration received.

(i) Council Contributions

Council contributions are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

(ii) Grants

New Zealand Trade & Enterprise (NZTE) and the Ministry of Science and Innovation (MSI) can provide awards and grants for projects the organisation undertakes. These include the Creative HQ incubator award, Major Regional Initiative (MRI) funding and funding for the Centres of Excellence projects. The revenue is recognised on entitlement as conditions pertaining to eligible expenditure or milestones are achieved.

(iii) Sponsorship

Revenue is received from third parties to partly cover the costs of running the Parent's programmes and projects. Sponsors were linked to the programme and recognised in all promotions associated with the activity they sponsored. Sponsorship is recognised when measurable and probable of future economic benefits being received.

(iv) Fee Revenue

Revenue received from incubator residents which partly offsets the costs of running the incubator. Revenue is recognised when measurable and probable of future economic revenue being received.

(v) Rental Revenue

Revenue received from non-residents of the incubator which covered the costs of their occupancy at the incubator. Rent is recognised when measurable and probable of future economic revenue being received.

(vi) Interest Revenue

Revenue is recognised as the interest accrues to the net carrying amount of the financial asset using the effective interest method.

(vii) Success Fees

Fees received from the introduction of companies and individuals to Angel investors. Fees are received when those introduced raise capital. The fee is based on a negotiated percentage of the capital raised.

(viii) Other Revenue

All other revenue received from third parties to cover contracted and other services the Parent provided for the third party. Training courses, services provided to Education Wellington International and expenses recovered.

(ix) Revenue in Advance

Revenue received in advance is carried in the Statement of Financial Position and recognised to the Statement of Comprehensive Income by reference to the stage of completion of the transaction based on the actual service provided as a percentage of the total service to be provided.

(M) LEASES

(i) Operating Lease Payments

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.

(N) INCOME TAX

The 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. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Income tax expense is recognised against the surplus or deficit for the year, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

(O) GST

All amounts are shown exclusive of Goods and Service Tax (GST), except for trade and other receivables and trade and other 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.

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 are classified as operating cash flows.

4. OTHER REVENUE

Other Revenue	
Rental Revenue	
Expense Recoveries	
TOTAL OTHER REVENUE	

PARENT		GROUP	
2012	2011	2012	2011
\$	\$	\$	\$
286,433	246,711	296,070	253,526
71,599	16,917	71,599	16,917
20,410	35,907	20,410	35,907
378,442	299,535	388,079	306,350

Other revenue consists of sundry and other one off project revenue.

5. OTHER OPERATING EXPENSES

Audit Fees	
Communications	
Computer Services	
Contractors and Consultants	
Grants and Business Assistance	
Marketing	
Mentoring Costs	
Energy, Cleaning and Insurance	
Office Expenses	
Conference Fees	
Meeting Expenses	
Course Expenses	
Premises Rental	
Other Operating Lease Rentals	
Professional Services	
Project expenses	
Travel	
TOTAL OTHER OPERATING EXPENDITURE	

2012	2011	2012	2011
\$	\$	\$	\$
30,000	30,000	43,000	43,000
63,674	52,401	92,350	76,884
68,949	46,484	90,695	62,652
171,118	147,407	329,536	199,457
66,386	179,600	89,771	313,339
255,910	350,700	298,695	419,975
11,387	23,058	11,189	22,198
49,503	43,925	72,185	67,256
47,150	89,913	64,273	123,330
12,389	7,014	17,976	8,788
36,765	41,688	50,975	52,060
8,114	46,354	8,114	46,354
145,642	145,642	284,784	284,784
57,511	48,165	68,089	61,985
44,990	39,649	60,017	56,000
873,344	620,886	876,773	624,058
108,910	129,297	138,587	143,811
2,051,743	2,042,183	2,597,012	2,605,931

6. GRANT REVENUE RECEIVABLE

Greater Wellington Regional Council	
New Zealand Trade and Enterprise	
TOTAL GRANT REVENUE RECEIVABLE	

2012	2011	2012	2011
\$	\$	\$	\$
203,136	29,130	203,136	29,130
-	48,267	-	48,267
203,136	29,130	203,136	29,130

7. PERSONNEL COSTS

Salary and Wages	
Other Personnel Costs	
Increase/(Decrease) in Employee Entitlements	
TOTAL PERSONNEL COSTS	

2012	2011	2012	2011
\$	\$	\$	\$
2,682,163	2,361,661	3,589,868	3,110,686
234,809	113,407	239,648	135,052
12,838	(5,943)	12,837	(5,943)
2,929,810	2,469,125	3,842,353	3,239,795

8. INCOME TAX EXPENSE

	PARENT		GROUP	
	2012	2011	2012	2011
	\$	\$	\$	\$
Net Surplus Before Tax	(19,969)	-	(19,969)	-
Tax at 28% (2011: 30%)	(5,591)	-	(5,591)	-
Plus (Less) tax Effect of:				
Non-deductible Expenditure	21,160	25,713	22,265	26,790
Grant for Fixed Assets	(10,142)	(17,473)	(10,142)	(17,473)
Tax Loss not recognised	-	-	-	-
Tax Loss recognised	-	-	-	-
Group Tax Loss recognised	(5,427)	(8,240)	(6,531)	(9,317)
TAX EXPENSE	-	-	-	-

	2012	2011	2012	2011
	\$	\$	\$	\$
Current Tax	-	-	-	-
Prior period adjustment to current tax	-	-	-	-
Tax expense	-	-	-	-

The Group has made a taxable profit of \$23,326 (2011: \$31,056) but after the utilisation of group tax losses of \$23,326 from Greater Wellington Regional Council the Group has no tax charge under the income payable method (2011: \$0).

The Group has no imputation credits at balance date (2011: \$0)

9. CASH AND CASH EQUIVALENTS

	PARENT		GROUP	
	2012	2011	2012	2011
	\$	\$	\$	\$
Cash at bank and in hand	182,321	223,742	244,523	333,123
TOTAL CASH AND CASH EQUIVALENTS	182,321	223,742	244,523	333,123

Cash at bank earns interest at floating rates based on daily bank balances. Short-term deposits are made for varying periods between 30 and 90 days depending on immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

10. RECONCILIATION FROM THE NET PROFIT AFTER TAX TO THE NET CASH FLOW FROM OPERATING ACTIVITIES

	2012	2011	2012	2011
	\$	\$	\$	\$
Net Surplus / (Deficit) after Tax	(19,969)	-	(19,969)	-
Add / (less) non cash items				
(Gain) / Loss on disposal of assets	-	-	-	-
Depreciation	42,630	43,653	42,630	43,653
Amortisation	8,603	9,564	8,603	9,564
Add / (less) movements in working capital				
(Increase)/Decrease in Trade and Other Receivables	149,012	(44,013)	(6)	(62,528)
(Increase)/Decrease in Prepayments	(3,253)	(3,012)	-	(4,013)
(Decrease)/Increase in Trade and Other Payables	(14,095)	44,834	-	104,186
(Decrease)/Increase in Employee Entitlements	(50,151)	(6,988)	-	(6,990)
(Increase)/Decrease in Grant Income Due	(174,006)	123,059	-	123,059
(Decrease)/Increase in Income in Advance	4,954	(50,965)	-	(40,298)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	(56,275)	116,132	31,258	166,633

11. TRADE AND OTHER RECEIVABLES

	PARENT		GROUP	
	2012	2011	2012	2011
	\$	\$	\$	\$
Trade Receivables	39,296	160,242	74,692	178,761
Other Receivables	34,500	62,569	38,325	62,569
	73,796	222,811	113,017	241,330

Trade receivables are usually due within 30-45 days and do not bear an effective interest rate. All Trade receivables are subject to credit risk exposure. There is no concentration of credit risk with respect to receivables outside the Group, as the Group has a large number of customers. The carrying value of receivables approximates their fair value.

12. TRADE AND OTHER PAYABLES

	2012	2011	2012	2011
	\$	\$	\$	\$
Trade Payables	198,550	176,195	205,249	220,153
Non-Trade Payables and Accrued Expenses	66,916	96,094	94,789	120,637
	265,466	272,289	300,038	340,790

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

13. EMPLOYEE ENTITLEMENT LIABILITIES

	2012	2011	2012	2011
	\$	\$	\$	\$
Annual Leave/Holiday Pay	92,270	79,432	92,270	79,432
Long Service Leave	-	-	-	-
Accrued Salary and Wages	47,845	110,834	77,765	110,834
	140,115	190,266	170,035	190,266

Management have identified an amount of sick leave liability at balance date but it is not material.

14. CAPITAL COMMITMENTS

There were no capital commitments at balance date. (2011: Nil)

15. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2012	2011	2012	2011
	\$	\$	\$	\$
Less than One Year *	340,932	341,288	340,932	341,288
Between One and Five Years *	339,036	644,104	339,036	644,104
More than 5 Years	-	-	-	-
	679,969	985,392	679,969	985,392

* Office space is sublet to Creative HQ

Less than One Year *	146,762	149,785
Between One and Five Years *	154,232	284,844
	300,994	434,629

Office space is being subleased to tenants in the Otaki Clean Tech centre. Grow Wellington provides this "paid for" service as part of its business growth commitment.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and/or contingent assets at balance date. (2011: Nil)

17. REVENUE IN ADVANCE

Revenue in advance at balance date represents funds received where the contracted work is still to be completed.

18. EWI (INC) TRUST FUNDS

Represents funds held on behalf of Education Wellington International (Incorporated). They have contracted Grow Wellington to undertake education services on their behalf.

19. CAPITAL MANAGEMENT

The Company's capital is its equity, which comprises share capital and retained surpluses. Share capital is 100 uncalled \$1 shares.

20. SUBSEQUENT EVENTS

There were no significant events after balance date.

21. DIRECTORS FEES AND EXPENSES

	PARENT		GROUP	
	2012	2011	2012	2011
	\$	\$	\$	\$
Parent				
Paul Mersi (Chairman)	29,167	2,500	29,167	2,500
Barry Brook	15,000	-	15,000	-
Anders Crofoot	15,000	-	15,000	-
Karen Fifield	15,000	-	15,000	-
Dr Dianne McCarthy	15,000	15,000	15,000	15,000
Peter Robertson	15,000	15,000	15,000	15,000
Richard Stone	15,000	-	15,000	-
Rachel Taulelei	15,000	15,000	15,000	15,000
Vivienne Beck	-	6,250	-	6,250
John Lumsden	-	15,000	-	15,000
Murray McCaw (former Chairman)	-	20,000	-	20,000
John McFadzean	-	15,000	-	15,000
Paul Swain	-	3,750	-	3,750
Subsidiary				
Geoff Todd (Chairman)	-	-	6,000	9,500
Barry Brook	-	-	2,333	-
Melissa Clark-Reynolds	-	-	4,000	2,333
Nick Lewis	-	-	4,000	2,333
Total Directors Fees	134,167	107,500	150,500	121,666
Directors' Expenses	5,746	10,455	6,618	10,455
TOTAL DIRECTORS' FEES AND EXPENSES	139,913	117,955	157,118	132,121

22. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	PARENT		GROUP	
	2012	2011	2012	2011
	\$	\$	\$	\$
Loans and Receivables				
Cash and Cash Equivalents (Note 9)	182,321	223,742	244,523	333,123
Trade and Other Receivables (Note 11)	73,796	222,811	113,017	241,330
Grant Revenue Receivable (Note 6)	203,136	29,130	203,136	29,130
Intercompany Balance (Note 23)	6,902	58,881	-	-
TOTAL LOANS AND RECEIVABLES	466,156	534,564	560,676	603,583
Financial Liabilities measured at amortised cost				
Trade and Other Payables (Note 12)	265,466	272,289	300,038	340,790
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	265,466	272,289	300,038	340,790

23. RELATED PARTIES

Grow Wellington Limited had the following transactions with entities related to Board members and senior management.

Services purchased from Related parties

	Relationship	Description	PARENT	
			2012	2011
			\$	\$
<i>Related Party</i>				
Creative HQ Limited	Subsidiary	Incubation Services	817,936	826,771
TOTAL SERVICES PURCHASED FROM RELATED PARTIES			817,936	826,771

Grow Wellington Limited is funded under its SOI to provide Incubation Services. Creative HQ Limited supplies those services.

Services Sold to Related Parties

	Relationship	Description		
			2012	2011
			\$	\$
<i>Related Party</i>				
Creative HQ Limited	Subsidiary	Management Fees for Services Supplied	167,440	160,640
TOTAL SERVICES SOLD TO RELATED PARTIES			167,440	160,640

Grow Wellington Limited has a service level agreement with Creative HQ Limited to provide accounting, administration and other business services. The costs of these services constitutes the management fee. The fee has been determined by costing the services either directly where applicable or as a percentage of the Grow Wellington employee's time based on their annual salary.

At year end an amount of \$6,902 (2011: \$58,881) was owed to the Parent by the subsidiary through the intercompany balance. The intercompany balance represents the net of payments and receipts between the Parent and the subsidiary during the financial year. No interest is received on this balance and the balance owing is unsecured and repayable on demand.

Other than the above, there are no amounts outstanding to or from the Parent.

With the exception of paying Board Fees, expenses for Board members, and expenses of Senior management

there have been no other related party transaction with Board members, their organisation nor with staff.

A Director of the subsidiary - Creative HQ, Geoffrey Todd, is a Director of Victoria Link, with whom the subsidiary has transactions on an "arm's-length" basis. The Board received Fees and expenses. Staff are reimbursed for work related expenses.

Other than this there have been no related party transactions with Board members, their organisation(s) nor with staff.

Greater Wellington made contributions of \$4,564,006 (2011: \$4,314,230) and provided accounting services to the Group.

There are no other related party transactions between Greater Wellington and the Group.

Amount payable by Greater Wellington at year end is \$203,136 (2011: \$29,130)

As a matter of practice, where there is a real or perceived conflict of interest for any Board decision the Director notes the conflict and withdraws from any involvement in the decision making.

24. PROPERTY, PLANT AND EQUIPMENT

	\$	\$	\$	\$	\$	\$
30 June 2012	Carrying Amount 01 July 2011	Accumulated Depreciation and Impairment Charges 01 July 2011	Cost or Deemed cost 30 June 2012	Current Year Depreciation	Accumulated Depreciation and Impairment Charges 30 June 2012	Carrying Amount 30 June 2012
Equipment	10,862	10,124	20,986	3,882	14,006	6,980
Computer Hardware	46,586	63,191	143,168	28,197	90,484	52,684
Furniture	65,489	34,910	101,819	10,551	45,421	56,398
	122,937	108,225	265,973	42,630	149,911	116,062
30 June 2011	Carrying Amount 01 July 2010	Accumulated Depreciation and Impairment Charges 01 July 2010	Cost or Deemed cost 30 June 2011	Current Year Depreciation	Accumulated Depreciation and Impairment Charges 30 June 2011	Carrying Amount 30 June 2011
Equipment	10,062	6,987	20,986	3,137	10,124	10,862
Computer Hardware	41,175	33,651	109,777	29,540	63,191	46,586
Furniture	74,474	23,934	100,399	10,976	34,910	65,489
	125,711	64,572	231,162	43,653	108,225	122,937

Property, Plant and Equipment are for both Parent and Group.

25. INTANGIBLE ASSETS

	\$	\$	\$	\$	\$	\$
30 June 2012	Carrying Amount 01 July 2011	Accumulated Depreciation and Impairment Charges 01 July 2011	Cost or Deemed cost 30 June 2012	Current Year Amortisation	Accumulated Depreciation and Impairment Charges 30 June 2012	Carrying Amount 30 June 2012
Software	16,210	78,088	95,668	8,603	86,650	8,977
	16,210	78,088	95,668	8,603	86,650	8,977
30 June 2011	Carrying Amount 01 July 2010	Accumulated Depreciation and Impairment Charges 01 July 2010	Cost or Deemed cost 30 June 2011	Current Year Amortisation	Accumulated Depreciation and Impairment Charges 30 June 2011	Carrying Amount 30 June 2011
Software	8,412	68,524	94,298	9,564	78,088	16,210
	8,412	68,524	94,298	9,564	78,088	16,210

Intangible Assets are for both Parent and Group.

26. EQUITY

The Parent has 100 uncalled shares in the Subsidiary. (2011: 100).

The Greater Wellington Regional Council has 100 uncalled shares in Grow Wellington Limited. (2011: 100).

27. SUMMARY COST OF SERVICES

	GROUP		
	2012	2012	2011
	\$	\$	\$
Revenue	Actual	Budget	Actual
Council Contributions	4,564,006	4,250,000	4,314,230
Developing Centres of Excellence	337,651	401,000	77,868
Supporting Priority Sectors	266,261	452,414	322,185
Grow and Retain Business	1,459,831	1,403,587	1,301,781
Grow Broadband	-	-	-
Raising the Value of our International Gateways	-	-	-
Carbon Neutral Region	-	-	-
Other Income	-	-	15,000
	6,627,747	6,507,000	6,031,064

Major Variances from Budget

Additional Council contributions of \$314,000 were made from the WRS reserve primarily to cover restructuring expenditure.

Revenue for Developing Centres of excellence was \$63,000 below budget primarily due to tenancies in the Clean Tech centre taking longer to fill than budgeted.

Revenue for Supporting Priority Sectors was below budget by \$186,000, the majority of this was due to the Optimising Manufacturing Graduate programme being wound down earlier than budgeted.

Expenditure

Developing Centres of Excellence	1,014,368	922,000	528,493
Supporting Priority Sectors	1,770,719	1,805,000	2,077,135
Grow and Retain Business	3,817,536	3,673,000	3,415,438
Grow Broadband	41,208	39,000	10,000
Raising the Value of our International Gateways	3,885	68,000	-
Carbon Neutral Region	-	-	-
	6,647,716	6,507,000	6,031,066

Major Variances from Budget

Expenditure on Developing Centres of Excellence was \$92,368 over budget due to the rental costs for the Clean Tech centre being higher than initially budgeted.

Additional expenditure of \$144,536 in Grow and Retain Business as project and mentoring services had higher than expected demand. Supporting Priority Sectors started its Competitive Edge programme ahead of schedule. Recoveries for this programme are expected in the 2012/13 year.

Restructuring costs also increased expenditure in each outcome.

There were no other major variances based on Cost of Services as compared to budget.

28. FUNDING

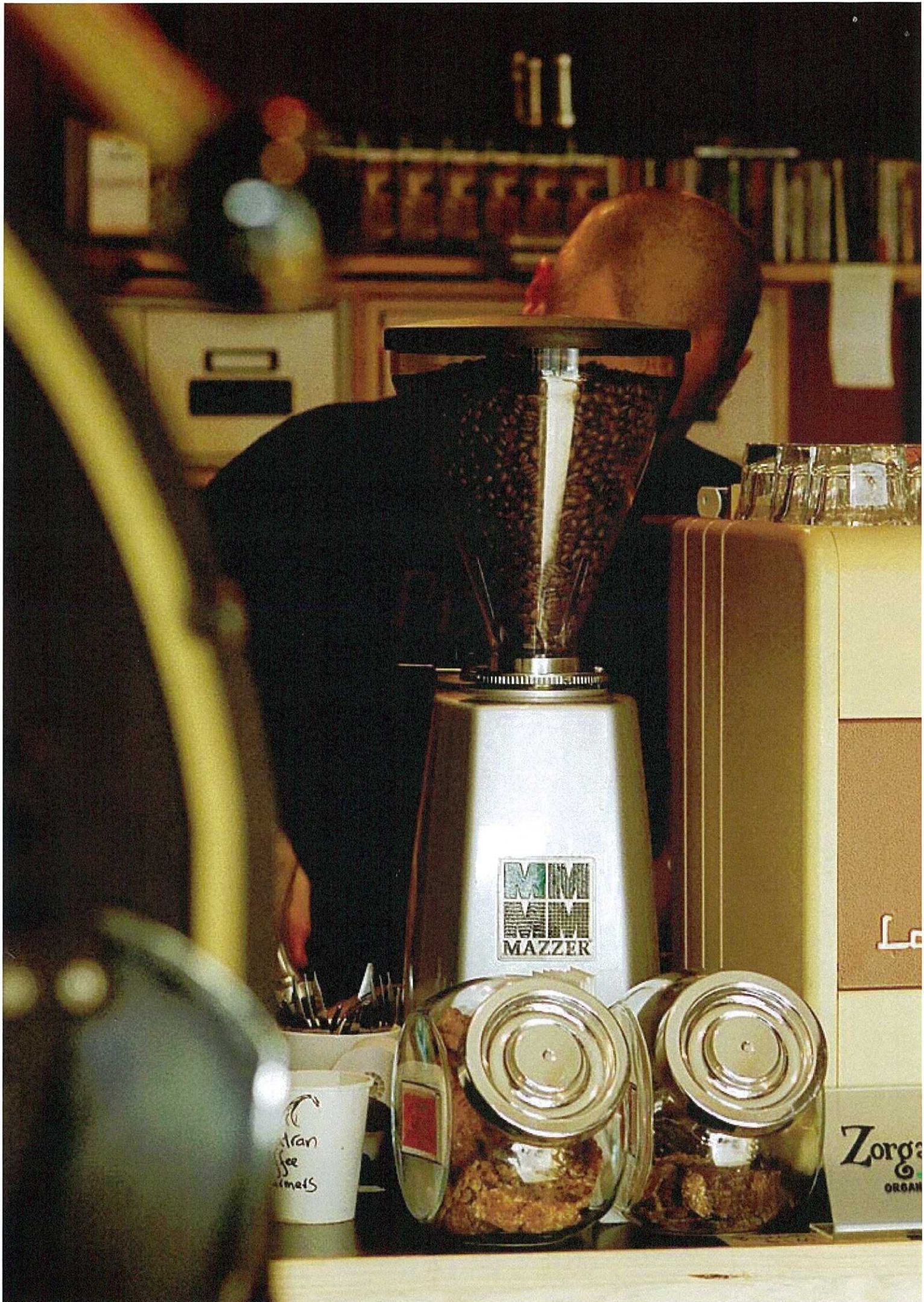
The Company is reliant for a large part of its revenue from its 100% parent Greater Wellington Regional Council (The Council).

The Council has accepted the companies Statement of Intent, which includes funding for the company and its activities for the next three years.

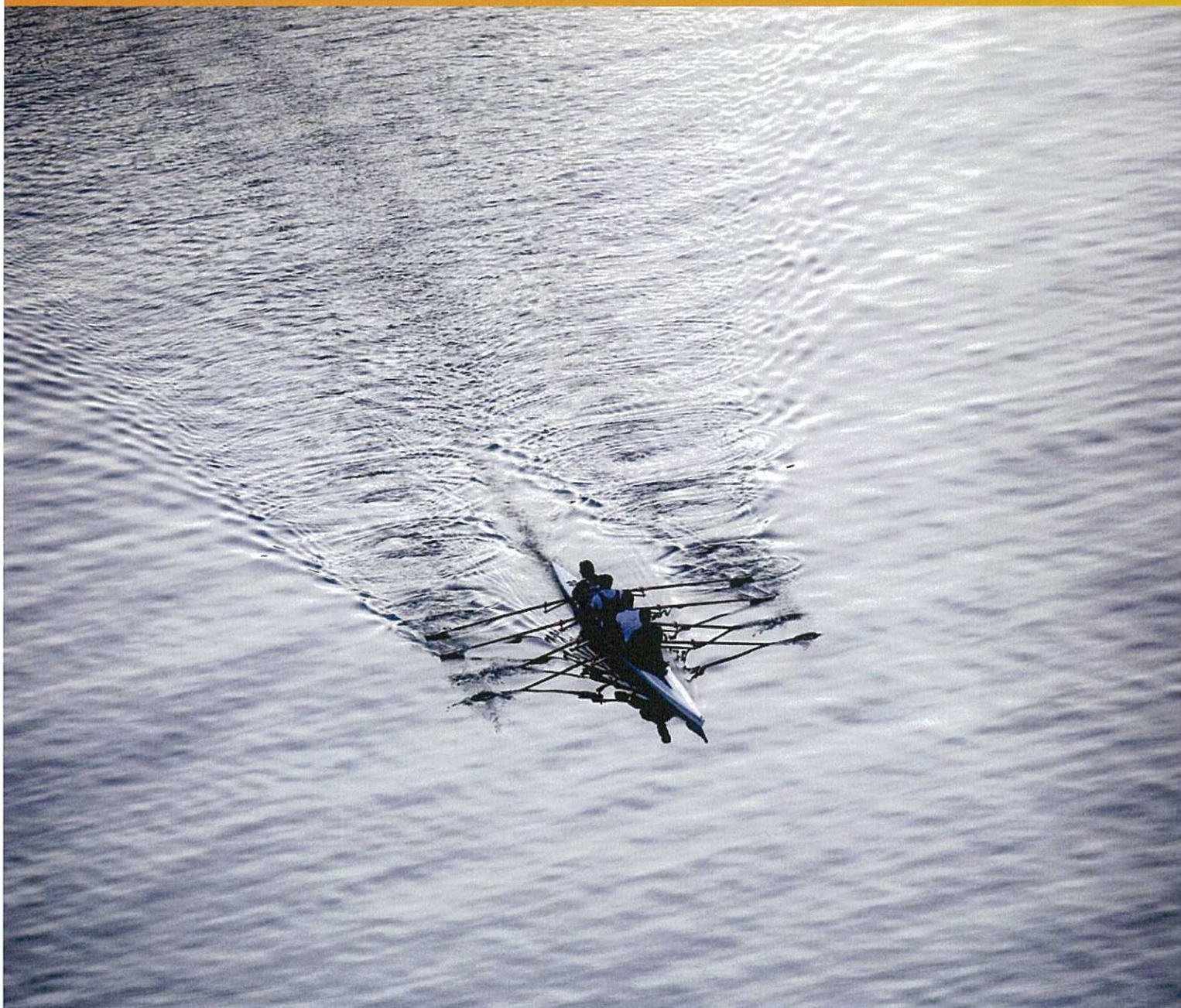
The Company is reliant on the Council continuing to support the regions economic development activity via the company.

The Council has included funding for economic development for ten years in their 2012/22 long term plan.

The company is managed as a public benefit entity, and the Parent may adjust its funding to the Company in any financial year if it believes that the Company has failed to carry out its obligations and responsibilities under its Statement of Intent.



BOARD MEMBERS AND COMPANY DIRECTORY



BOARD MEMBERS

GROW WELLINGTON

PAUL MERSI – CHAIRPERSON

Paul is a business advisor and company director. He has had a successful professional career as a senior Financial Services and Tax Partner with PricewaterhouseCoopers, and was a member of the Government's Savings Working Group. He has also worked in the OECD in Paris, and served for a number of years in a senior policy role in the public sector. Paul has a degree in economics from Victoria University

RACHEL TAULELEI

Rachel Taulelei is the founder of Yellow Brick Road, a company demonstrably invested in New Zealand's food culture. A born and bred Wellingtonian, Rachel established Yellow Brick Road following eight years in the US with NZTE as Trade Commissioner and North American Regional Manager, Food and Beverages. She is co-founder of the City Market, chairs the Wellington on a Plate Advisory Board, and is an Associate Director of Wakatu Incorporation. In 2009, following in the footsteps of Chef Peter Gordon, Rachel was bestowed with the New Zealand Restaurant Association's Innovator Award. In 2010 she was a finalist in the Veuve Clicquot Business Woman Awards, and the winner of Emerging Gold, Wellington Gold Awards.

DR DI MCCARTHY

Di is Chief Executive of the Royal Society of New Zealand, a national academy for science, technology and the humanities. Prior to that Di was a Professor, Pro Vice-Chancellor (Equal Opportunities) and Associate Dean of the Faculty of Science at The University of Auckland. She has had a long career as an academic and has extensive experience in governance and management in the tertiary sector. Di has held several directorships including: AgResearch, Deafness Research Foundation, Brain Research Centre Advisory Board, and is currently part of the Steering Group for NZ Women in Leadership Programme. Di was made an Officer of the New Zealand Order of Merit in 2008 for her services to Education.

ANDERS CROFOOT

Anders Crofoot lives and farms at Castlepoint Station, a large sheep and beef property on the Wairarapa coast with his wife Emily and two children, David and Sarah. He is currently on the National Board of Federated Farmers and was the Wairarapa Provincial President for the previous four years. Anders is also President of the New Zealand Grassland Association. Prior to emigrating to NZ from the US in 1998, he worked in the hospitality and construction industries, before setting up a computer consulting practice and later working as a quantitative analyst for a financial services company.

Anders has a double degree in Computer Science and Psychology from Dartmouth in the US.

PETER ROBERTSON

Peter is General Manager of Scheme Performance and CFO at ACC.

Peter has had a diverse career; he was a partner with Ernst & Young for 10 years, held senior executive positions with Transpower for 12 years as CFO and later GM Network, and was Chief Executive at BRANZ Ltd between 2004 and 2007.

Peter has had considerable experience in; corporate governance, organisational dynamics and design, strategic and operational planning methodologies including the use of scenario planning techniques, the development and implementation of asset management strategies, financial planning and analysis, and the negotiation of complex commercial arrangements.

Peter has a degree in Economics, a Post Graduate Diploma of Accounting and is a member of the Institute of Directors.

BOARD MEMBERS

GROW WELLINGTON

KAREN FIFIELD

Karen has been the Chief Executive of the Wellington Zoo Trust since 2006 and was previously a director of Discovery and Learning at Zoos Victoria in Australia. Karen has been awarded: Wellingtonian of the Year 2010 Award in the Environment category; HER Business National Award winner 2010 in Business Leadership; and HER Business Wellington Award winner 2009 in the Business Leadership and Sustainability category.

Karen is currently the President of the Australasian Zoo and Aquarium Association.

BARRY BROOK

Barry is a professional director and agribusiness consultant with extensive experience in agribusiness both in New Zealand and internationally. His experience includes leadership of New Zealand's largest nationwide agribusiness, PGG Wrightson with turnover of \$1.2 billion and 3000 staff.

He led the mergers of Wrightson with Williams and Kettle and Pyne Gould Guinness in the period 2004 to 2006.

He was responsible for the establishment of New Zealand's largest primary sector business investments in South America, mainly in Uruguay but also in Argentina and Brazil. These included the launch of New Zealand Farming Systems Uruguay and its listing on the NZX50; and acquisition of a number of businesses in the seed, livestock, real estate, rural supplies and irrigation sectors.

Barry is Chairman of Synlait Ltd, a Canterbury dairy farming company, and Trustee of Agmardt and the Mary Potter Forever Foundation. He is qualified in agricultural commerce and economics and has been a long-time resident of Wellington

RICHARD STONE

Richard graduated from Victoria University and has spent the last 27 years in Wellington in a range of leadership roles within the human resource consulting industry, currently as Executive Chairman of Jackson Stone and Partners and formerly a founder and Director of Powerhouse People Ltd and Momentum Consulting Group.

Richard is on the Board of Workbridge and the Employers Chamber of Commerce Central, a former President of the Wellington Employers Chamber of Commerce and a former Chair of Unicef NZ. He loves this city, but recognises it faces some significant challenges and wants to see it continue to prosper. To this end Richard has played an advisory role to a number of organisations which share this goal and will continue to invest his time and energy in working towards this.

COMPANY DIRECTORY

ADDRESS

Level 5, 50 Manners Street
PO Box 10-347, Wellington 6143, New Zealand

Phone +64 4 382 0099
Fax +64 4 382 0098
Email info@growwellington.co.nz

INCORPORATION

Incorporated under the Companies Act 1993 on 5 April 2007 at Wellington, New Zealand and changed its name to Grow Wellington Limited on 25 February 2008.

Incorporation Number 1921097
IRD Number 97-012-067

The Company is wholly owned by the Greater Wellington Regional Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Directors.

The registered office of the Company is 142 Wakefield Street, Wellington 6011, New Zealand.

ACCOUNTANTS

Grant Thornton, Chartered Accountants, Wellington

SOLICITORS

DLA Philips Fox, Barristers & Solicitors, Wellington

AUDITORS

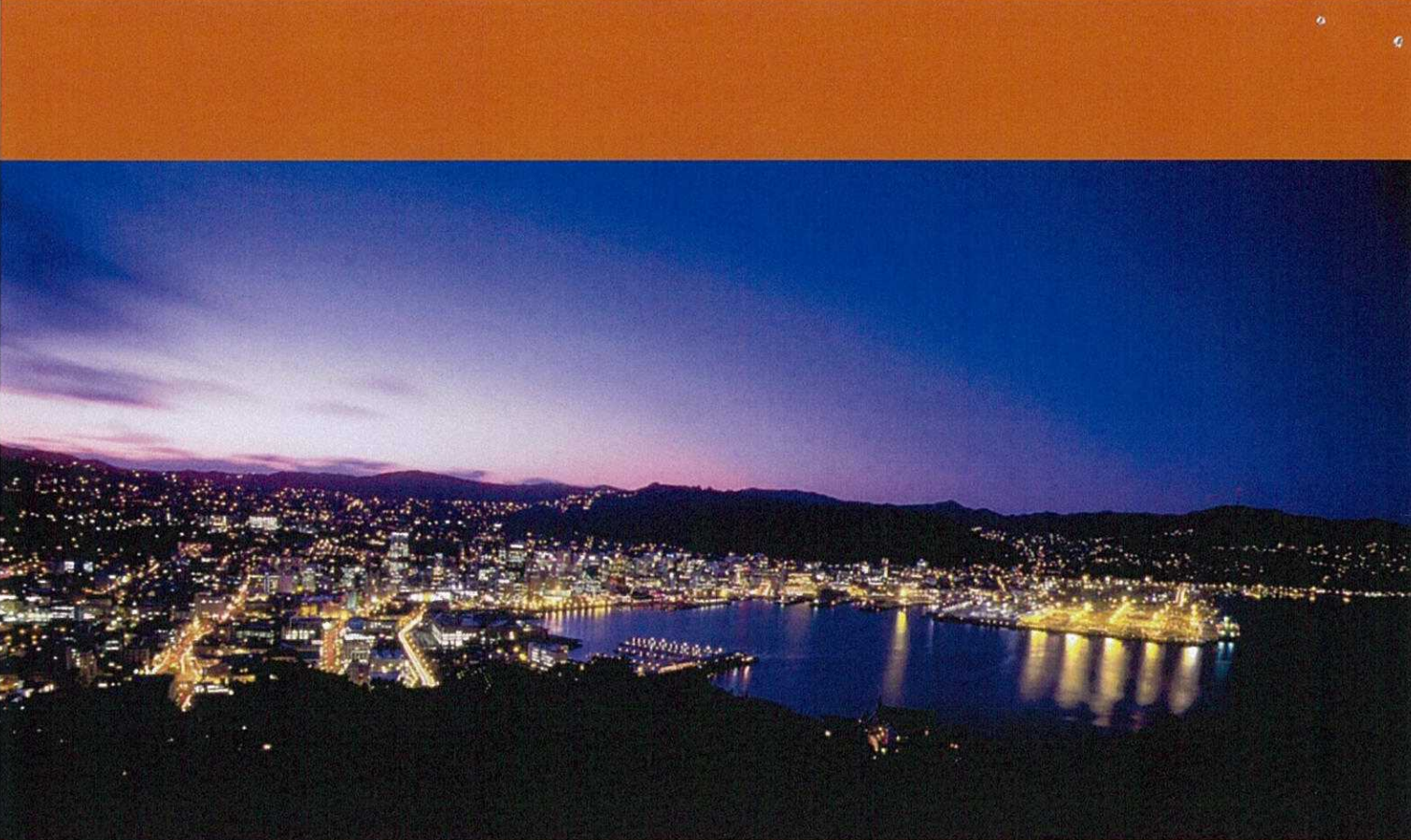
Audit New Zealand, Wellington
On behalf of the Auditor-General

BANKERS

The National Bank of New Zealand,
1 Victoria Street, Wellington 6011
Part of ANZ National Bank Limited

INSURANCE BROKER

AON New Zealand Limited, Wellington



CONNECT  facilitate



GrowWellington

Working for business success

www.growwellington.co.nz

Level 5, 50 Manners Street Phone +64 4 382 0099

PO Box 10-347 Fax +64 4 382 0098

Wellington 6143, New Zealand Email info@growwellington.co.nz