

Report 13.144  
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Committee Wellington Regional Strategy Committee  
Author Kate O'Regan, Policy Advisor – WRS Office

## Grow Wellington's Draft Statement of Intent 2013/2014

### 1. Purpose

To receive Grow Wellington's Draft Statement of Intent 2013/2014 and to identify any matters for consideration by the Grow Wellington Board.

### 2. The decision-making process and significance

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act).

Officers have considered the significance of the matter, taking the Council's significance policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

### 3. Background

Grow Wellington is a Council Controlled Organisation established by Greater Wellington, on the recommendation of the Wellington Regional Strategy (WRS) Committee. It was established to deliver key economic development components of the WRS. The Draft Statement of Intent 2013/2014 (SOI), included as **Attachment 1**, is the seventh prepared by the company.

#### 3.1 Legal requirement for a Statement of Intent

Section 64 of the Local Government Act 2002 (the Act) requires Grow Wellington to have a SOI which sets out the nature and scope of the activities Grow Wellington intends to undertake over the next three years. The Draft Statement of Intent 2013/2014 covers the financial and governance aspects of both Grow Wellington and Creative HQ Ltd.

Schedule 8 of the Act sets out the requirements for a SOI, including the purpose of a SOI which is to:

- (a) *state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and*
- (b) *provide an opportunity for stakeholders to influence the direction of the organisation; and*
- (c) *provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.*

Schedule 8 provides for the Board of the company to consider any feedback from the shareholder (in this case the WRS Committee on behalf of Greater Wellington) and deliver a final SOI by 30 June 2013.

Clause 9 of Schedule 8 sets out in detail the contents of a SOI and includes the following information for the financial year and immediately following two years:

- (a) the objectives of the organisation
- (b) a statement of the board's approach to governance of the organisation
- (c) the nature and scope of the activities to be undertaken
- (d) the ratio of consolidated shareholder's funds to total assets, and the definitions of those terms<sup>1</sup>
- (e) the accounting policies of the organisation
- (f) the performance targets and other measures by which the performance of the organisation may be judged in relation to its objectives
- (g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to its shareholder<sup>2</sup>
- (h) the kind of information to be provided to the shareholder during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how this is to be presented)
- (i) the procedures to be followed before the organisation subscribes, purchases, or otherwise acquires shares in any company or organisation<sup>3</sup>
- (j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation)

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<sup>1</sup> This provision is not relevant as Grow Wellington will not have any significant funds or assets.

<sup>2</sup> This provision is not relevant to Grow Wellington as it will not accumulate profits or have capital reserves.

<sup>3</sup> This provision is not relevant as Grow Wellington will not obtain shares in any other company.

(k) the board's estimate of the commercial value of the shareholder's investment in the company and the manner in which, and the times at which, that value is to be reassessed<sup>4</sup>

(l) any other matters that are agreed by the shareholder and the board.

Any financial information, including forecast financial information, must be prepared in accordance with generally accepted accounting practice.

## **4. Comment**

### **4.1 Activities and measures**

Grow Wellington's draft SOI 2013/2014 summarises the overall focus of Grow Wellington's work. This SOI is consistent with previous years in that it summarises the overall work programme of Grow Wellington. It also covers the activities of Creative HQ (start-up incubator), a wholly owned subsidiary of Grow Wellington.

Delivery activities are aligned to four of the six focus areas in the WRS namely, *Commercialisation of Innovation, Investment mechanisms for growth, Attracting business, investment and talent to the region;* and *Education and workforce development*. Interest in, and influence by, the other two focus areas (*Infrastructure and Open for Business*) is acknowledged.

The SOI is clear on the scope of work and where activity would impact on the four focus areas in the WRS. The structure of the SOI has changed from previous SOIs. A table outlining the programme of work, key performance indicators for the year, the extent of the impact on the WRS focus areas, and longer term measures is included. Further detail will be included in the subsequent 2013/14 Business Plan.

In the draft SOI, the revenue anticipated from Greater Wellington's Economic Development Agency (EDA) rate for the 2013/2014 year is \$4,000,000. Greater Wellington has made this provision in its Long Term Plan 2012-22 and the Draft 2013/2014 Annual Plan.

## **5. Feedback to the Grow Wellington Board**

Council officers and the Chief Executives Group reviewed a draft SOI and identified several matters for feedback to the Grow Wellington Board. Accordingly, Grow Wellington has produced a revised Draft SOI 2013/2014.

### **5.1 Matters incorporated into Draft SOI**

The feedback from council officers and Chief Executives Group was:

- A further item should be added around responding to opportunities that arise and representing projects that Grow Wellington can add significant value to. The draft SOI should demonstrate a degree of flexibility in

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<sup>4</sup> This provision is not relevant as there will not be shareholder investment in the organisation.

activities for the year and accept that there may need to be trade-offs in the stated programme if undertaking additional initiatives.

- A comment around the need for a strong link between Grow Wellington and the WRS Office relating to economic monitoring and gathering business intelligence activities should be added. This implies work undertaken by the WRS Office would be applicable to Grow Wellington's mandate (current and future) and/or could be informed by Grow Wellington's expertise and networks. Conversely Grow Wellington would inform the WRS Office what information or research material might support their programme.
- An explicit link should be made between what is referred to as the "science and technology" sector in the current SOI and the related items in the draft SOI 2103/14. These include Callaghan Innovation, Innovation precincts, high value manufacturing and how these relate to supporting existing Hutt Valley initiatives, for example.

The first two matters have been amended in the revised draft SOI. Grow Wellington have responded to the third bullet point, explaining that the intent underpinning these activities is expressed on page 7 of the SOI:

*"Grow Wellington's attention on innovation is intentional, as innovation is recognized as being a key driver in raising Gross Domestic Product per capita. Grow Wellington will enhance the regional innovation ecosystem with the aim of increasing the uptake of applied science, technology and engineering by businesses."*

## **5.2 Matters to be incorporated into Grow Wellington's Business Plan 2013/2014**

Following feedback from council officers and the Chief Executives Group, it was agreed that the following be incorporated into Grow Wellington's Business Plan 2013/2014 as the matters involve detail not required in a SOI.

- Funding from different revenue streams: Grow Wellington generates the majority of its income from Greater Wellington Regional Council (WRS regional rate), Wellington City Council (Destination Wellington) and government grants. For accountability purposes it is suggested that it be made clear which individual activities are funded by each income source. Also reference should be made to out years for on-going funding commitments.

Because the SOI is primarily aligned to the WRS, funding detail as outlined is more appropriately included in the Business Plan which will capture all of Grow Wellington's work programme. Reference to this has been included in the SOI.

- How targets have been set and the basis for assessing the impacts was also raised by officers. This is covered to some degree in the *Intervention Logic* section of the draft SOI, but could be strengthened for individual

activities in the summary table. Again the subsequent Business Plan is the appropriate document to include such detail and reference to this made in the SOI. Activity detail would include factors such as out years (contracts in place, basis for further substantive work etc) and the rationale for continued involvement in mature activities.

### **5.3 Letter to the Grow Wellington Board**

As Grow Wellington has already modified the draft SOI in response to feedback from council officers and the Chief Executives Group, there are no outstanding matters to be raised with the Grow Wellington Board.

A draft letter to the Chair of the Grow Wellington Board confirming this is appended as **Attachment 2**.

## **6. Communication**

Subject to the WRS Committee's decision, the letter in **Attachment 2** will be sent to the Chair of the Grow Wellington Board.

No external communications are required at this time.

## **7. Recommendations**

*That the Committee:*

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Approves the letter in Attachment 2*

Report prepared by:

Report approved by:

Report approved by:

**Kate O'Regan**  
Policy Advisor,  
Wellington Regional Strategy

**Nicola Shorten**  
Manager, Strategic Planning

**Jane Davis**  
General Manager, Strategy  
and Community Engagement

**Attachment 1:** Grow Wellington Draft Statement of Intent 2013/2014

**Attachment 2:** Draft letter from WRS Committee to the Grow Wellington Board