

Report 12.127  
Date 18 April 2012  
File WRS/09/01/01

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

## Feedback on Grow Wellington's Draft Statement of Intent 2012/2013

### 1. Purpose

To receive Grow Wellington's Draft Statement of Intent 2012/2013 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 2012/2013 (SOI), included as **Attachment 1**, is the sixth 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 2012/2013 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.

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)

---

<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 2012/2013 follows a similar structure to previous Statements of Intent and summarises the overall focus of Grow Wellington's work. The draft SOI outlines areas that indicate progress is being made and where on-going work will generate more results. It also outlines the strategic priorities which have been made within the context of the high level WRS review taking place. Grow Wellington notes in their draft SOI that there will be a need to adapt and revise the draft SOI once the WRS refresh has been completed.

In the draft SOI, the revenue anticipated from Greater Wellington's Economic Development Agency (EDA) rate for the 2012/2013 year is \$4,000,000. This is \$250,000 less than it had forecast to receive in the 2011/2012 financial year.

Greater Wellington has made this provision in its Proposed Long Term Plan.

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

The Chief Executives Group have considered the draft SOI, and have identified several matters for feedback to the Grow Wellington Board. These are:

- There is a refresh of the WRS currently underway, and when the Strategy is completed, it is likely that the SOI will need to be revised. This is acknowledged in the draft SOI, and Committee looks forward to working with the Board of Grow Wellington during the refresh of the WRS.
- When outlining the 'Operational Direction', it would be useful to add another new direction around flexibility. Suggested wording could be "Be flexible in our approach to the ever changing market forces and be flexible in adapting to the new WRS strategy".
- Business Attraction is a particularly important focus area. The draft SOI does not appear to reflect attracting businesses that are missing in a supply chain and/or could for instance provide more "mass" in a sector. The Committee will continue to work with the Board as this focus area is clarified regarding roles. This is a matter that will need to be reflected in the amended SOI when the refresh of the WRS is completed. In the

---

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

meantime, Grow Wellington may wish to consider proceeding slowly with this focus area while relative roles are defined.

- In many cases the measurements and long term targets are not always clear. For example, where the draft SOI refers to a Science Park, it is not clear what the desired outcome is or what the long term target will include. This will in part depend on what Grow Wellington's role is in this area.
- It would be useful to see more detail about the budget allocated for each area of activity, and the prioritisation of money. For example, there appears to be a lot of funding reserved for innovation and not so much for business attraction (a major focus area).

This feedback has been incorporated in a draft Letter to the Chair of the Grow Wellington Board. The draft letter is appended as **Attachment 2**.

In addition, several minor, editorial matters have also been picked up in the document. A list of these minor changes has been forwarded to Grow Wellington.

## 6. Communication

Subject to the 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, which provides feedback to the Grow Wellington Board.

Report prepared by:

Report approved by:

Report approved by:

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

**Nicola Shorten**  
Manager, Strategic Planning

**David Benham**  
Chief Executive

- Attachment 1:** Grow Wellington Draft Statement of Intent 2012/2013
- Attachment 2:** Draft letter from WRS Committee to the Grow Wellington Board