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Committee Wellington Regional Strategy Committee  
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## Grow Wellington's Draft Statement of Intent 2014/15

### 1. Purpose

To receive Grow Wellington's Draft Statement of Intent 2014/2015 and to identify any matters for consideration by the Grow Wellington Board.

### 2. Background

Grow Wellington is a Council Controlled Organisation established by Greater Wellington Regional Council (GWRC), 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 2014/2015 (SOI), included as **Attachment 1**, is the eighth prepared by the company.

#### 2.1 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 2014/2015 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 GWRC) and deliver a final SOI by 30 June 2014.

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)
- (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.

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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.

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

### 3. Comment

The draft SOI 2014/15 meets the legal requirements under Section 64 of the LGA. It is consistent with previous years in that it summarises the overall work programme of Grow Wellington, including the activities of Creative HQ.

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.

There is an increased focus on workforce development and skills attraction than in previous years.

In the draft SOI, the revenue anticipated from Greater Wellington's Economic Development Agency (EDA) rate for the 2014/2015 year is \$4,000,000. Greater Wellington has made this provision in its Long Term Plan 2012-22 and the Draft 2014/2015 Annual Plan.

### 4. 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 2014/2015.

Changes to the original draft SOI, and reflected in the attached version, are not considered substantive. They are minor additions and points of clarification.

#### 4.1 Matters incorporated into Draft SOI

The following suggested changes from officer feedback have been made:

- The addition of *business and employment retained* as a Desired Outcome. The activities aimed at retention form a component of the net number of businesses' measure.
- The addition of a reference to Grow Wellington supporting the WRS Evaluation project which seeks to demonstrate progress on WRS objective by "valuing" the activities of the various implementation agencies, including Grow Wellington. This is particularly relevant to the Performance Standards (p10) where purely subjective measures of impact on WRS focus areas are assessed.
- Having consistent terminology for the three activity areas throughout the SOI
- Clarification in the section on Economic Leadership that reflects the dual monitoring and research activities of Grow Wellington and the WRS Office. Such activities are planned and undertaken in a collaborative approach, as is currently the case.

- Clarification in the Scope and Nature of Operations that the *sector strategies* being developed and listed as outcomes, are a programme of activities for Grow Wellington (as opposed to a wider or high level strategy). Grow Wellington has undertaken to be cognisant of the degree of alignment with other regional and councils' related strategies.
- Clarification in the Finance section where revenue from GWRC is recorded as \$4.3 million. A footnote has been added on p21 showing this is made up of the annual allocation of \$4.0 million and a draw down on reserves of \$300,000 from the 2013/14 year. This process is covered in the last paragraph on Financial Performance, p20.

## 4.2 Letter to the Grow Wellington Board

As Grow Wellington has already modified the draft SOI in response to feedback from 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**.

## 5. 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.

## 6. The decision-making process and significance

Part 6 of the Local Government Act requires Greater Wellington Regional Council to consider the significance of the decision. The term 'significance' has a statutory definition set out in 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.

## 7. Recommendations

*That the Committee:*

1. ***Receives the report.***
2. ***Notes the content of the report.***
3. ***Approves the letter to the Grow Wellington Board, attached as Attachment 2.***

Report prepared by:

Report approved by:

Report approved by:

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**Attachment 1:**

Grow Wellington Draft Statement of Intent 2014/2015

**Attachment 2:**

Draft letter from WRS Committee to the Grow Wellington Board