

Report 11.201
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File WRS/09/01/01

Committee Wellington Regional Strategy Committee
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Grow Wellington Statement of Intent

1. Purpose

To consider Grow Wellington's amended draft Statement of Intent 2011/12.

2. Significance of the decision

The matters for decision in this report **do not** trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

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 2011-2012 Statement of Intent (SOI) is the fifth 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 an SOI. Schedule 8 of the Act sets out the requirements for an SOI, including the purpose of an 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 an 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 terms¹
- (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 shareholder²
- (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 organisation³
- (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 reassessed⁴
- (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.

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

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

³ This provision is not relevant as the Grow Wellington will not obtain shares in any other company.

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

4. Discussion

The Committee discussed the draft SOI 2011/1012, including feedback from the Chief Executives Group, at its meeting of 21 March 2011 (Report 11.131). No decision was made by the Committee on the Draft SOI. At the meeting, the Chair of Grow Wellington indicated the draft was being amended in response to the Chief Executives' feedback.

Grow Wellington has delivered its updated draft SOI 2011/2012, which is included as **Attachment 1**.

The main changes from the first draft SOI are:

- specifying that the target for the for the Clean Tech Centre is to attract businesses nationally;
- eliminating the references to establishing a Scoring Stage;
- changing some of the measures for Creative HQ;
- stating that Grow Wellington's role in broadband is to promote its use to individual businesses; and
- inserting the financial statements for Creative HQ.

The Chief Executives considered the revised SOI at their meeting of 20 May. They recommend that that the revised SOI 2011/2012 be accepted, with no further feedback from the Committee, noting that the new Board appointments will be confirmed on 1 June, and the decision on the WRS review is to be made on the 30 June.

In addition, Sir John Anderson has offered to discuss with the Chair and Chief Executive of Grow Wellington establishing different reporting procedures. Sir John is to progress these discussions in consultation with a small sub-group of the Committee, including Mr Ammunsen, Ms Lloyd, Councillor Wilde and Mayor Wade-Brown.

5. Communication

Subject to the Committee's decision, a letter will be sent to the Board of Grow Wellington accepting the Statement of Intent with no requests for any further changes. No external communications are required at this time.

6. Recommendations

That the Committee:

1. ***Receives the report.***
2. ***Notes the content of the report.***

3. *Agrees that no further changes are required to be made to the Draft Statement of Intent 2011/2012 and that this be communicated to the Board of Grow Wellington.*

Report prepared by:

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Attachment 1: Grow Wellington Draft Statement of Intent 2011/12