

GROW WELLINGTON



ANNUAL REPORT 10/11

GROW WELLINGTON FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2011

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JOINT CHAIR & CEO'S MESSAGE



The 2010/11 year was one of much activity for Grow Wellington. The periods previous to 2010/11 had seen intense development for our programmes and activities. It has been enormously satisfying to see that process starting to produce big results and see the groundwork laid for major and ongoing successes across our most promising programmes.

Rigorous evaluation will always be a part of the way Grow Wellington operates. Our client group is very clear – it is the region's high growth, export oriented businesses and entrepreneurs. We must constantly be evaluating what we do and why we do it to ensure we are providing the most efficient and effective services to them. Everything this organisation undertakes is for the purpose of developing the number of export oriented businesses and making this group more successful.

Our targeted client group expanded significantly in 2010/11. The Grow Wellington Business Growth Team is now interacting with over 3,000 businesses in the region. This is almost double the number than the previous period and a real marker of the growing profile Grow Wellington has within the business community.

Part of this group is, and will always be, the larger-scale companies that contribute significantly to regional economic growth and provide employment to many Wellingtonians. Grow Wellington has continued to develop and strengthen long-term relationships with companies such as *Whittakers*, *Hansells Food*, *Taylor Prestons* and *Weta Digital*. Operating as the Ministry of Science and Innovation (MSI) and the New Zealand Trade and Enterprise (NZTE) regional partner, we help to connect these high-value enterprises to export and research and development support that will ensure they maintain the competitive edge that is essential to success at their scale of operation.

Wellington's highly connected innovation, business and government communities have frequently been held up as one of the key factors behind its successful track record in producing the number of entrepreneurial businesses and individuals that are based in the region. As Grow Wellington becomes more effective and efficient in the deployment of its programmes and activities, we are working to promote cross-utilisation of our resources by clients and where possible and appropriate, bring organisations and individuals together from across sectors. This kind of connected thinking is what can

give Wellington a global edge and the 2010/11 year has seen several successful examples of this.

Im-Able, a company operating in the health and rehabilitation market, was the winner of Grow Wellington's inaugural Bright Ideas Challenge. While the first prize of \$25,000 seed funding on offer is an enticement to entrants, the real purpose of the Challenge is to connect regional start-up businesses with potential for high-growth to the networks and resources that will ensure they meet that potential. Im-Able has gone on from winning the Bright Ideas Challenge to working with Grow Wellington in a number of ways, from TechNZ support for export activities and research and development projects, to introductions to investors and key staff and partner companies. As the company has grown over the year the strength of its relationship with Grow Wellington has allowed Im-Able to utilise the right support and the right networks at the right time.

Grow Wellington's Centres of Excellence activities have had significant analysis in 2010/11 and continued to develop throughout the year. The establishment of a Clean Technology Centre in Otaki has been a success with eight residents now associated with the Centre and continuing efforts to attract new residents. The development of industry projects has been slower than originally expected but enhancements in this area will be undertaken in the 2011/12 year.

In last year's Annual Report we indicated that there was a strategic review to be undertaken for the Screen and Digital Centre of Excellence. The review needed to ensure this sector would deliver optimal results for an industry that has already clearly demonstrated its value to the region, both in terms of export revenue generation and innovation. This review has refocused our work, and results are now being generated with increased momentum than in previous years. The fruits of the work undertaken by Grow Wellington are likely to be most evident in the current and the next financial years, but multiple successes so far in education, investment and incubation projects in this sector offer incredibly exciting opportunities for the screen and digital businesses in the region.

JOINT CHAIR & CEO'S MESSAGE CONT

The soon-to-open Victoria University Programme of Computer Graphics combines innovation and investment from across both the education and screen sectors. Grow Wellington has worked alongside world-class Wellington companies, local and national Government and Victoria University to create a programme that will be a beacon for emerging and established digital talent both nationally and globally. The programme will address capability gaps for digital companies, as well as generating graduates and connecting more businesses to world-leading research and development. There is significant potential for new opportunities to emerge, resulting in high-value commercialisation of ideas and innovation. These opportunities will be a driving force for economic growth within our region in the 21st century.

Our Food and Beverage programme continues to have significant successes with the Visa Wellington On a Plate festival, and the Sydney Pop Up restaurant WLG, generating unprecedented levels of Australian public and media interest in Wellington's food and beverage industry. These two activities continue to develop the global perception of Wellington as the Culinary Capital of New Zealand.

The Visa Wellington On a Plate festival moved into its second year in 2010. With the continuing focus being on sustainable growth for this event, the results generated by this joint venture are already impressive. The economic impact study undertaken by BERL estimated total turnover for participating restaurants was up by \$1.8 million. Local suppliers and producers involved in Visa Wellington On a Plate have seen real benefits from the event with around 30% of participating restaurants starting to use their products. This is expected to increase substantially for the 2011 event as it has become a requirement for restaurants to use and name local ingredients on their menus.

After years of careful planning and establishing connections, Grow Wellington was proud to see this culminate in the announcement of Le Cordon Bleu New Zealand Culinary Institute. This joint venture of Le Cordon Bleu International, WelTec and Ucol is another example of Grow Wellington's ability to work across sectors and organisations to generate results that have long-term benefits for the region. Like the Victoria University Programme of Computer Graphics, this world-renowned culinary school will attract and generate talent to the region that will be a key engine for growth in this sector for years to come.

The end of the financial year has seen changes to our Board. We say farewell to the previous Chair – Murray McCaw and goodbye also to John Lumsden and John McFadzean. The work the Board has undertaken will stand the organisation in good stead for many years to come.

Grow Wellington welcomes Anders Crofoot, Richard Stone, Barry Brook and Karen Fifield to the Board from 1 July 2011. The calibre of board members both incoming and outgoing remains very high at Grow Wellington. We feel confident that the changes to the board will continue to ensure the success and relevance of the organisation going forward. The commitment to the Wellington Regional Strategy has been made by our shareholders. There have been many changes in Grow Wellington's environment demonstrating the willingness and enthusiasm of the organisation to meet the challenges of the new environment. Grow Wellington has been mindful of the economic conditions it is working in and the need to ensure investment is made under the most optimal conditions. The \$120,000 underspend for the 2010/11 year, accumulated largely in the Clean Technology Centre of Excellence, is indicative of this. Overall the review of the WRS has reflected the successes of Grow Wellington and also highlighted the need for ongoing development of our activities.

Finally, we would like to thank the staff of Grow Wellington. The results of their quality, hard work, passion and skill are detailed throughout the pages of this report. We are consistently impressed with what the staff have brought to the organisation; they are genuinely connected and committed to the on-going success of businesses of this region and they are an asset to both this organisation and the Wellington Region itself.



PAUL MERSI AND NIGEL KIRKPATRICK

STRATEGIC ALIGNMENT

The Wellington Regional Strategy and Grow Wellington

The Strategy (WRS) identifies a number of activities and partnerships which will drive the Wellington region's success. The following diagram sets out how our organisation will contribute.



PERFORMANCE AGAINST WELLINGTON REGIONAL STRATEGY

A Sustainable Economic Growth Strategy for our Region			
Investment in Growing our Economy, especially our exports			
DEVELOPING BUSINESSES, PRODUCTS & SERVICES	SELLING & MARKETING OVERSEAS	GETTING OUR PRODUCTS TO INTERNATIONAL MARKETS	KEY BUSINESS GROWTH INPUTS
Grow & retain existing business Business Growth Team Sector Activities	Provide market access support The Wellington Internet Gateway	Bring long haul flights to Wellington Partnership with Positively Wellington Tourism and Wellington International Airport	Attract investment Angel HQ Digital Fund
Grow Centres of Excellence Centres of Excellence strategic reviews Centres of Excellence new and ongoing activity	Tell Wellington Region's story internationally WellingtonNZ.com	Adding value to the region's port Partnership with Centreport	Education Activate Regional Partner Network
Attract high value individuals to the region Angel HQ	A regional portal Wellington NZ.com	Grow broadband Member of the Broadband Operating Group	Increase labour market participation. Maintain relations with Department of Labour
Strengthen & consolidate the business incubator network Creative HQ Biz Dojo	Further development of regional approach to tourism Positively Wellington Tourism partnership		Increasing labour market productivity Business Growth Activities
Establish a business innovation & advancement academy Bright Ideas Challenge			Attract & retain talented people Live and Work websites
Attract export businesses Business Growth Activities			Grow the regional skills base Internships Optimised Manufacturing
Realise primary production potential Wairarapa Water Use Project			

REPORT ON PROGRAMME OUTCOMES



CENTRES OF EXCELLENCE

The Wellington Region has three specialist fields of work renowned for their cutting edge innovation. Grow Wellington is leading the development of these into world-class Centres of Excellence.

Screen and Digital Technologies

The Screen and Digital Centre of Excellence programme has had a very successful year. Upon completion of an internal review of its priorities and activity in July 2010, a new direction and objectives were set for the programme; results on these objectives are being achieved with more momentum than in previous years as outlined below. The target of this programme is to assist the screen and digital sector to grow from a \$500 million to a \$1 billion revenue sector by 2020. To do this Grow Wellington will work alongside industry leaders.

In order to be sustainable we have identified that a mixed ecology of businesses and institutions that complement each other is a key requirement. In the Wellington Region this ecology needs to include a mix of:

- › World-class firms
- › Developing SMEs
- › Tertiary educators
- › Cutting edge research entities
- › Services and support networks
- › Commercialisation and incubation support

Activity undertaken to deliver on these goals has gained significant momentum. This includes:

Capital raising

We have supported the process of raising capital for a US\$500 million slate (Packaging multiple projects together) financing vehicle for film, television and video gaming content.

Education

We have helped develop the business case and co-financed a Masters and Doctorate level programme in Computer Graphics at Victoria University.

Infrastructure and connection

We have launched a co-working space, *BizDojo*, for creative businesses, independent workers and small businesses with capacity for 50 resident businesses. This is a CBD facility that links Wellington businesses to a national (and soon, international) network of collaborators.

International collaboration

We continue to run *AnimFX* – a conference connecting Wellington and New Zealand's gaming, animation and visual effects businesses to global opportunities.

Studios

We have encouraged *Avalon Studios* to refocus its efforts on attracting international customers and bringing co-production opportunities to the region, rather than focussing on a declining domestic television market.

Clean Technology

The Clean Technology industry is in a very early stage globally and specifically in Wellington. Grow Wellington recognises the importance of an ecosystem for the region's emerging Clean Technology sector to grow.

Grow Wellington is involved in several projects:

A Clean Technology centre located in Otaki. Grow Wellington is a leading player in this initiative and has secured facilities, business and research residents, broadband infrastructure and a local economic development agency.

An initial demonstration site for distributed generation has been established at Matiu Somes Island and a second in Wellington city to showcase regional technology.

Business support is enabling the product development and uptake of 10 of the region's clean technology companies.

Grow Wellington has assisted the establishment of a regional waste to energy pilot plant in Kapiti and a second plant in Wellington.

Clean transport and geospatial activity scope to identify market-ready products.

A marine energy centre business case. Grow Wellington has facilitated the Awatea Group to identify Wellington as the top marine energy testing centre site in New Zealand and is preparing a case for multi-party funding to establish a device testing centre, in partnership with EMEC, Scotland.

Biotechnology and Life Sciences

The Health Education and Research Centre [HERC] was established at Wellington Regional Hospital, with Victoria University (Graduate School of Nursing, Midwifery & Health; Department of Clinical Research) and The Medical Research Institute of New Zealand [MRINZ] having a presence there. Grow Wellington is disappointed that funding constraints have limited further development of the proposal - the expansion of the Simulation and Clinical Skills Suite and an Addiction Unit are unlikely to go ahead in the foreseeable future - and there has thus been very limited engagement with commercial partners during the year 2010/11.

A realigned strategy is being introduced mid 2011. In preparation the views of a wide range of stakeholders have been sought. The new strategy will enhance and extend the project to give it a strong regional foundation and an emphasis on commercialisation. It will proactively promote and support biotechnology and life sciences innovation to generate the new ideas and inventions that could become the sector businesses by the end of the decade. Grow Wellington will also actively engage with national initiatives such as the Health Innovation Hub as this would be a multiplier for the Wellington Centre of Excellence.

ATTRACTING AND DEVELOPING WORLD-CLASS TALENT

Grow Wellington is an active member of a cross-industry group that has laid the groundwork for the introduction of a world-class Computer Graphics programme at Victoria University

In 2010, an industry-led group identified the need for a Wellington based, world class programme of research and development in computer graphics. The success of companies such as Weta Digital and Sidhe had established Wellington as a world-leader in this market. In order to maintain and grow this position, more highly skilled graduates and more industry focussed research was needed.

This industry group, along with Grow Wellington, the Ministry of Science and Innovation (MSI) and Victoria University developed a business case for the establishment of a post-graduate Computer Graphics Programme at Victoria University involving both the Design School and the School of Computer Graphics and Engineering.

As a result, the Victoria University Computer Graphics Programme was initiated with a mix of central and regional government investment combined with investment and resources from the University and the private sector.

Such a substantial level of buy-in from across the industry is a strong indication of the quality of the programme and the very real benefits it will bring to Wellington.

“Victoria University is following an internationally established culture by setting up this programme. A close relationship between graduate based research and development at the highest level and industry benefits all of us. Wellington is a natural home for this type of collaboration,” says John Hine, Victoria University’s Professor of Computer Science.

Grow Wellington’s involvement in the programme aligns with high-level Wellington Regional Strategy outcomes around developing an entrepreneurial and innovative region in several ways.

The Computer Graphics Programme will attract and generate talent at world leading levels. Recruitment for the programme’s teaching staff has been global and the feeder courses for the programme, established by the University, are already at full capacity. The course will offer not only the opportunity to engage in cutting edge research and development, but the opportunity to work with the best creative and technical experts in the field, a significant

inducement to potential students both here and abroad.

A focus on commercialising the research generated by the programme and participating companies is also a key part of Grow Wellington’s ongoing involvement in the initiative. We will be working with programme partners to ensure the programme maintains close alignment with the needs of the sector.

Sven Pannell, Grow Wellington’s Screen and Digital Centre of Excellence Manager says;

“These are companies and researchers at the top of their field and we want to help them extend their competitive advantage. This programme is one way of achieving that - by supercharging an already powerful talent base. We will also help commercialise the research generated by this group. This will lead to a more robust sector as we increase the number of businesses able to step into the spotlight in this global market.”



PRIMARY SECTOR

New Zealand exporters are receiving high prices for logs, wool, lamb, timber, beef and dairy products, as the growth in Asia drives demand for commodities. Businesses in the Wellington Region in these sectors have been part of this growth (in both demand and prices).

The provision of reliable water in the Wairarapa Valley will assist producers to fully capture a share of the growing global demand for high quality food and other primary products. The focus for Grow Wellington has been in working with various stakeholders, including the Greater Wellington Regional Council and the Wairarapa Regional Irrigation Trust, to secure significant project resources to advance the Wairarapa Water Use Project towards implementation.

This water-storage based project is described as “one of the largest economic development projects in the Greater Wellington Region.” At the end of 2010, it was confirmed that the allocation of \$750,000 in the Greater Wellington Regional Council Annual Plan for 2011/12 was approved. Engagement has also begun with the Ministry of Agriculture and Fisheries (MAF) around securing support via the Irrigation Acceleration Fund which was announced in the May 2011 Budget.



MANUFACTURING SECTOR

The manufacturing sector has experienced a difficult year in 2010/11 but as the world slowly climbs out of economic difficulties and demand builds, the outlook is positive for a sector which remains important and relevant for the Wellington Region.

Grow Wellington’s flagship programme for the manufacturing sector is the Optimising Manufacturing Programme. The Programme places graduates into businesses to address process efficiency issues and drive innovation to improve their global competitiveness. The Programme has grown to involve 10 companies across the region from food to mechanical engineering to plastics to paint manufacturing.



OPTIMISING MANUFACTURING GOING ON STRONG

The Grow Wellington Optimising Manufacturing Programme continues to achieve its objectives with ongoing positive feedback from both large-scale manufacturers and participating graduates.

The Optimising Manufacturing Programme has continued into its second year with further pick-up from large scale companies and continued success both in terms of outcomes for the companies involved and the graduate students participating in the Programme.

The Programme was established by Grow Wellington to help manufacturing companies be more competitive as well as address the lack of graduates entering the sector, and the need for graduates to gain industry experience. The scheme is supported by the Ministry of Science and Innovation (MSI) and represents a low risk for participating companies in terms of investment. After 18 months, graduates have the opportunity for permanent employment with the companies they have completed the Programme with, or on the open market.

“With manufacturing products continuing to contribute substantially to New Zealand’s exports at almost 65% of GDP, creating opportunities for genuine growth and increased efficiencies in this sector are a priority for us,” says Geoff Copps, Grow Wellington’s Manufacturing Sector Manager.

One of the participating companies in the Optimising Manufacturing Programme is the Wairarapa food manufacturer Hansells New Zealand Ltd. Hansells began operating as a manufacturer of culinary essences in 1934. Today, more than 350 people work at the factories in Masterton and Auckland and subsidiaries in Australia and Britain.

Hansells has an on-going and productive relationship with Grow Wellington and the Optimising Manufacturing Programme, having been involved in the scheme from its inception.

Hansells’ Masterton site Operation Manager, Bruce Green, has found the scheme positive, with the benefits exceeding expectations.

“It’s been as much of a learning exercise for us as for the graduates,” says Green. “Having some fresh young minds come in and challenge what we are doing and why has become the primary benefit of the scheme. We were sceptical at first, but both graduates have contributed positive work and we now see an ongoing place for this scheme.”

Graduate Andre van Schalkwyk has been at Hansells as part of the Optimising Manufacturing Programme since early 2010, working to optimise the flow of goods and services to and from production and laying the groundwork for further lean management.

“Hansells has been incredibly accommodating, supplying me with effective leadership throughout the process while allowing me a great deal of autonomy,” says Andre.

Geoff Copps from Grow Wellington is very pleased with the progress of the Programme.

“The Optimising Manufacturing Programme is a classic win-win programme. The companies get a smart pair of hands to make positive change in their operation and the graduates get “real work” experience, which will set them up for their future leadership roles in the manufacturing sector, hopefully in this region.”



Image courtesy of Hansells Food Group Ltd

EDUCATION SECTOR

Grow Wellington continues to work with the Education Wellington International Board and a 50 strong institutional membership in order to promote Wellington as a world-class study destination.

According to New Zealand Export Education Levy data, Wellington experienced 4.5% growth in international student numbers between 2009 and 2010, with 5,304 international students studying in the region in 2010.

Vietnam continues to be a priority market for Grow Wellington. In 2010/11 we hosted a familiarisation tour in Wellington for Vietnamese agents, and conducted in-market activities in Vietnam in collaboration with eight Wellington institutions. As part of activities in Vietnam, Grow Wellington attended Education New Zealand Fairs and hosted Wellington-focused functions, including a mini-fair in Haiphong, and networking events for parents and agents in Hanoi and Ho Chi Minh City.

Wellington now has 24% of New Zealand's total Vietnamese student population. Grow Wellington will continue to strengthen agent relationships in Vietnam and ensure agents are equipped and confident to promote the Wellington region as a priority destination for study.

Leveraging the successes in education marketing activities in Vietnam, Grow Wellington has subsequently initiated a five year strategic plan targeting key markets in China. In June 2011 members from 11 Education Wellington International institutions travelled to Beijing and Guangdong in order to identify new Chinese education networks and extend existing ones. The group attended an agent exhibition in Beijing, where Wellington was promoted alongside other study destinations. In Guangdong, Education Wellington International representatives presented a Wellington Education seminar which was attended by several newspapers, television journalists, education counsellors, and members of the public who were interested in New Zealand education.

Agent feedback on the seminars was positive and it was felt that the strength of collaborative education marketing provided significant 'punch' to marketing activities. The Chinese market also responded particularly well to presentations concerning study pathways available through Education Wellington institutions. Ongoing strategic planning and education marketing activities in China will be a key focus for Grow Wellington in 2011/12.

Grow Wellington exhibited at the Australia and New Zealand Agents (ANZA) event in Australia in April 2011. ANZA is a destination-focused workshop and was attended by 519 participants representing 357 organisations from 52 countries worldwide. The workshop provided an opportunity to profile the Wellington Region with agents from around the world, and to gather up-to-date information on some of the latest market trends.

In January 2011, Grow Wellington launched a marketing activity targeting students already studying in Wellington. 'Postcards Home' provided an opportunity for international students to create digital postcards with photos of their favourite places in Wellington. Each uploaded postcard was printed and sent to recipients in their home country as well as being displayed in an online gallery. Prizes were awarded for the best photograph and for the institutions that submitted the most entries. 95 students in the region participated in the competition.

"We know how great it is living and studying in Wellington and the best advocates for studying here are the students themselves. 'Postcards Home' is a great way to showcase our region internationally,"

said Guy Pascoe, Education Sector Manager at Grow Wellington.

In addition to Grow Wellington's focus on growing numbers of inbound international students, it is also continuing to develop its online teaching and cultural exchange programme. As part of this programme New Zealand teachers will be used to deliver real time English conversation lessons into Korean after-school programmes using web-based technology. Online trials of the programme began in late 2010 with nine Korean Elementary schools, and these continued into early 2011 with Grow Wellington overseeing all aspects of the project. The trial lessons were well received, and there was interest in the programme expressed by a number of Korean schools. However, there were significant concerns raised over the stability of the online delivery platform that was used during these trials. Grow Wellington has subsequently partnered with a Wellington-based organisation with considerable experience in online teaching and learning in order to establish an IT infrastructure that will eliminate the risk of future connection problems between Korea and Wellington.



Grow Wellington conducts most of its film sector activities under the name Film Wellington. Film Wellington was delighted by the great range of significant international and local projects that it helped attract and facilitate during 2010/11.

Official figures released by Statistics New Zealand's Screen Industry Survey for this period, showed an increase in Wellington screen businesses gross revenue - \$592 million up from \$531 million the previous year. This was mainly driven by film related revenue, particularly post production work by contracting businesses. The gross revenue from this post-production sector in Wellington dramatically increased to \$411 million up from \$244 million in 2009.

Key international projects that took place in Wellington included the Bollywood A-list feature film 'Players'. Line Producer Nirang Desai commented on the experience in Locations magazine - a publication distributed to exhibitors and show visitors at the International Locations Trade Show in Los Angeles that took place early 2011 (this issue was also sent to the usual reader base and distributed at the Cannes Film Festival).

"Players required extensive waterside locations, involving car and motorbike stunts — the mini action sequences were inspired after we had seen the locations, and we did a two-wheeled stunt over the Frank Kitts Lagoon bridge. As a large part of the story is about a getaway vehicle going off-road in order to avoid the authorities and traffic gridlock, Wellington provided the perfect escape route alongside its beautiful and accessible harbour. Film Wellington was fantastic at finding and facilitating locations and permits."

Two German/New Zealand co-produced tele-features also filmed here as part of their popular "Emilie Richards" series. This series draws six to seven million viewers per screening in Germany, which is a new key market for Tourism New Zealand. The production company GFC shot around the region, showcasing the beauty of the locations for over two months and contracting 50 New Zealand crew – plus another 100+ part time roles.

The high profile good news for the whole New Zealand screen industry was of course that The Hobbit began production, based in Wellington at Stone Street Studios.

Wellington production companies also kept work flowing for local industry including a Lippy Productions tele-feature about the 1953 Tangiwai Disaster filmed throughout the Wellington Region. Tom Scott productions filmed 'Rage', a tele-feature based on the 1981 Springbok tour. The production decided on the Wellington Region as there were many possible locations that could double for Auckland, Hamilton, Palmerston North, Christchurch and obviously the Wellington scenes.



"It's so easy. The locations are handy, they're varied and you can always find what you're looking for. The costs are usually under control (location fees etc) and therefore make what you want to do more feasible. Film Wellington is very film friendly – they have an open-door policy and they want to help you make your film, not create obstacles and make it more difficult. I've based several productions in Wellington to date: Tom Scott's debut feature film Separation City, our recent tele-feature Rage, also written and produced by Tom Scott and two Indian television commercials."

Emma Slade, Producer - Rage

Wellington Region's television commercial sector was enhanced when local directing 'dynamic duo' Mark & Louis (Mark Albiston and Louis Sutherland) joined the stable at Auckland based international production house The Sweet Shop. This has already led to them shooting five television commercials in Wellington.

Local businesses that gained international recognition this year included HoverLion, a motion graphics and animation company established in August 2009, by brothers Ned and Rollo Wenlock. Their U Bank's U Saver commercial campaign featured as 'Pick of the Week' on 'Shots' internationally respected advertising website as well as five other major international industry sites. They also pioneered a new visual effects technique for a music video, 'Apache', for Australian band Danger Beach. This has received over 381,000 hits to date on Vimeo alone and is being referenced by the international industry – which has resulted in a surge of international work and enquiries for HoverLion.

FILM SECTOR

KHF Media continued their run of international success with their online drama 'Reservoir Hill'. In 2010, the first series won an international Emmy award, and this year the show's second season received a second nomination. The first season won a Gold World Medal at the prestigious 2011 New York Festival's International Television and Film Awards.

Film Wellington is increasing its activities around assisting screen businesses to engage with Grow Wellington's Business Growth services to promote sustainable businesses and growth. *Screen Technicians – How to turn your ideas into dollars* was a targeted workshop run by Film Wellington which has greatly increased the number of screen industry businesses being assisted by Film Wellington.

Another important goal for the year was to increase awareness and use of the core Film Wellington services. The plan included a strong presence at industry events. The key international event was the Locations Trade Show in Los Angeles. Promotion for Film Wellington included timely editorial and advertising content in the globally distributed Locations Magazine.



PIECING TOGETHER THE SUPPORT FOR SUCCESS

Grow Wellington connected with exciting software start-up company 77 Pieces to enable them to access incubator support through Creative HQ to introduce them to the right investors and the right collaborators to help them take their groundbreaking system to the world.

With a Technical Academy Award (Oscar) under his belt for the cloth, hair and fur simulations in Star Wars: Attack of the Clones and with his background in theoretical robotics, Sebastian Marino seemed destined to create 77 Pieces, and its applications for the design and engineering industries already seem remarkable. With his years of working at A-list film studios such as Sony, ILM and Weta and his previous experience with start-ups in California's Silicon Valley, Sebastian has created the perfect storm for his new venture. Marino says of this, "We come from an aesthetic place, even though we are hard core scientists, we are used to the aesthetic approach we're used to working with in film."

77 Pieces is a virtual tool for the fashion industry that allows digital patterns to be made that mimic the physical qualities of the cloth that will be used in their eventual construction.

Its development has required the very unusual combination of hard-core applied mathematics; an appreciation of the aesthetic principals associated with film and fashion and the passion and commitment that come with being an entrepreneur.

"There is no computer drafting software for flexible things like cloth and one of the important things with computer generated digital clothing is getting it to fit right," says Marino. "A lot of the time when you're looking at clothing in a film it doesn't fit or look right and the reason is, in my opinion, that there is no concept of pattern making in computer graphics. Pattern making is an old world art form."

So Sebastian Marino and his crew applied themselves to learning about one of the oldest crafts in the world – pattern making - and combined it with cutting edge Computer Graphics technology. It was the right approach.

While 77 Pieces' eye is on the fashion industry for now, they already realise that there are a wide range of industries that use patterns, and that the software could also have applications for architects and engineers.

Refining the business plan has been an ongoing and important process for this company. Understanding the intellectual property landscape, understanding the market and the business and thus how to execute your idea are THE crucial initial steps for a start-up once you have your idea according to Marino.

"As an entrepreneur you're not an expert at these things, nor should you be. The entrepreneur is good at a particular thing and their role is to have a vision for that thing and to see it through. You have to find people to help you and be scrupulous about that – trust them and use that team to execute the vision that you have."

Using the business support that was available in the Wellington Region was of immense value to 77 Pieces. Coming out of the Silicon Valley meant Sebastian was familiar with business incubators but being new to New Zealand he required a fast way to establish the connections needed to raise investment.

"Creative HQ was super helpful and they exceeded my expectations with the help and support 77 Pieces received."

The process of gaining a clear understanding of their market and their customers has given 77 Pieces an even stronger business and they are now working towards their initial product launch. The future looks bright, as Marino says,

"We've built a company around an idea – we're not just tinkering in the garage any longer."



FOOD & BEVERAGE SECTOR

The Wellington Region is continuing to develop a reputation for producing premium products and sophisticated cuisine.

To grow the food and beverage industry, the focus now needs to be on growing exports of premium products. The Wellington Region has approximately 150 companies in the business of manufacturing food and beverage products. Yet only 12 of these companies are large (employing more than 50 people), while the vast majority are small (employing nine or less) or owner operated.

In 2010 Grow Wellington worked with industry to identify a vision for the development of the Greater Wellington Region as a fine food and beverage destination.

The Vision:

Widespread understanding and acceptance of the Wellington Region as an up-and-coming food producing region.

A vibrant and cohesive network of businesses with strong alliances developed.

Recognition as New Zealand's centre of sophisticated and indulgent products.

Grow Wellington's role is to support, facilitate and inspire the industry to achieve this vision together.

There have been three major Food and Beverage projects delivered by Grow Wellington including Le Cordon Bleu which is detailed as a separate case study.

Visa Wellington On a Plate

Visa Wellington On a Plate was developed in partnership with Positively Wellington Tourism, to raise awareness and build confidence in the Greater Wellington Region's food industry, and to affirm Wellington's position as the Cuisine Capital of New Zealand.

BERL completed an economic impact report for Visa Wellington On a Plate 2010. According to BERL the analysis suggests that the Visa Wellington On a Plate food festival is clearly meeting its objectives estimating that over 17,000 visited the region because of the festival.

There were 88 restaurants participating in the Dine Wellington component of the festival in 2010. Based on the responses of the participating restaurants, the event was successful in creating marketing opportunities and increasing business. Total turnover by Dine Wellington participants was up around \$1.6 million (21%) and total covers increased by 34% during the festival compared to the two weeks prior. It is estimated that, during the festival, business in most participating restaurants increased 5% to 50%. There were also longer term benefits with over 30% of participants having experienced higher turnover in the two weeks after the festival compared to the two weeks prior.

About 26% of Dine Wellington partners have started using local suppliers as a result of Visa Wellington On a Plate, with over 38 local suppliers identified as either establishing new or strengthening existing relationships. The majority of the Dine Wellington partners expressed satisfaction with the festival and getting value for their registration – with an average rating of eight out of 10 (where 10 was very successful).

The ultimate goal of both organisations however is to increase exports which in turn will lead to economic growth for the region. As Visa Wellington On a Plate is only in its second year and at this stage is mainly regional with 96% of festival goers coming from the Wellington Region, it is too early to measure any real economic impact from the festival to the region.

The report however recognises that Visa Wellington On a Plate reaches well beyond tangible economic measures as the festival strengthens the culture and 'vibe' of the Wellington Region, improving its liveability and attractiveness, not only as a tourist destination, but also as a place to live and work.

Visa Wellington On a Plate has the potential, as highlighted by the interest in the event, to be an iconic event on par with the IRB Sevens and The International Arts Festival.

Sydney Pop Up restaurant – WLG

Food producers from around the Wellington Region popped up in Sydney mid-September 2010, at WLG, a unique Pop Up restaurant that showcased the best of Wellington's food scene.

The Pop Up was project managed and funded by Positively Wellington Tourism and it was designed to showcase the region's burgeoning food and wine scene - one of the region's strongest international selling points. The secondary objective was to introduce Visa Wellington On a Plate to Australia.

For Grow Wellington, Visa Wellington On a Plate and the Sydney Pop Up activity was all about creating awareness about the Wellington food story (the people behind the product) and positioning Wellington as the Cuisine Capital of New Zealand.

The Sydney Pop Up was also the first opportunity for Grow Wellington to actively get involved in assisting local small to medium businesses export. Overall, WLG was a success with approximately three thousand Sydney-siders experiencing the restaurant themselves, and many more talking about it via a variety of media channels.

There were a total of 60 pieces of media coverage for WLG which resulted in over 4.1 million people being reached. These figures excluded Twitter coverage and feedback – Positively Wellington Tourism's own Facebook advertising of the event generated 5.25 million impressions. This is not including Time Out Sydney's additional 111,164 people reached via their portals and activities through media partnerships.

FOOD & BEVERAGE SECTOR

The Time Out WLG page was the second most popular landing page on Time Out's website for the month of September. There was clear feedback from the industry that they saw value in being involved in the activity.

"WLG was so very well done and it was an incredible joy to talk about it to potential new customers in Sydney,"

said Mary Biggs of Lavenders Green, producers of cordials, chutneys and curds.

"In addition I was able to send a possible distributor to the event and my contacts with David Jones in Melbourne were impressed that there was a further "prong" to our in house marketing efforts. I was also able to make contact with local suppliers, which has enabled me to work on forming relationships that are of mutual benefit."



Image Courtesy of Positively Wellington Tourism

LE CORDON BLEU BRINGS THE WORLD'S BEST CULINARY SCHOOL TO WELLINGTON

Grow Wellington's long track record of involvement and support for the establishment of a world renowned culinary institution in Wellington came to fruition with the announcement of a regional and international partnership that will build a Le Cordon Bleu New Zealand Culinary Institute in September 2012.

Le Cordon Bleu is a world leader in culinary education, founded in Paris in 1895. Today the presence of Le Cordon Bleu encompasses 26 international schools in 15 countries which are attended by more than 22,000 students every year.

Le Cordon Bleu is one of the most revered culinary institutes in the world. Their experience in creating graduates equipped with passion, commitment to quality and real expertise is legendary. Some of the world's greatest chefs have been trained by Le Cordon Bleu. Their founding philosophy of achieving excellence through constant practice and refinement remains the same, even as the industry grows to meet the needs of the culinary and hospitality industry.

In September 2010 Grow Wellington co-ordinated the public announcement of the partnership between Le Cordon Bleu, WelTec and UCOL which profiled their intention to build a Le Cordon Bleu New Zealand Culinary Institute here in Wellington.

“After six years of involvement it was very satisfying for Grow Wellington to have the honour of coordinating this public announcement,”

says Grow Wellington's Food and Beverage Manager, Anna Nielson.

The Le Cordon Bleu New Zealand Culinary Institute proposes to offer a three year Bachelor qualification as well as qualifications at Certificate and Diploma level. The content of the proposed degree will be unique to the Wellington Region.

The Wellington based Le Cordon Bleu New Zealand Culinary Institute will have a particular focus on the pasture to plate movement, which has become an integral part of what modern diners expect in quality restaurant experiences. Le Cordon Bleu's focus on quality will embed the culinary reputation Wellington is already establishing within the Asia-Pacific region. In addition, the activities of the school will be disseminated to the Le Cordon Bleu global network, in effect marketing Wellington as a culinary destination to millions of foodies world-wide.

The Le Cordon Bleu New Zealand Culinary Institute has a strong emphasis on the international marketplace and the benefits it is expected to bring to the region can also be translated to national ones. This will be in the form of qualified and skilled contributors

to the hospitality industry, increased student numbers, and overseas visitors. Local producers can also expect increased international interest as international graduates from the school become familiar with their products during their training in Wellington.

By attracting and creating world class talent in the region Le Cordon Bleu New Zealand Culinary Institute is creating a capability that will have an impact across every aspect of the food and beverage industry and will generate benefits in the mid to long term that are likely to encourage substantial and sustainable growth.



BUSINESS GROWTH

The Business Growth team works with companies on an individual basis to connect them with the people, tools and knowledge they need to become high value, export oriented businesses. We are targeted in our approach, focusing on companies with the desire to innovate and grow, and to become globally competitive.

Our focus is on helping companies build capability. After analysing a business's needs, we provide all kinds of connections including investment and strategic advice, market research, global distribution, financial planning, intellectual property, governance structures, branding, marketing and sales and help with appointing advisory boards and mentors. In 2010 the Business Growth Managers at Grow Wellington worked with around 3,000 businesses in the Wellington Region.

The Business Growth team also runs specific programmes if there is an identified need. These include the Summer of Code internship programme and the Activate 16 week intensive programme for early stage businesses.

Internships and tertiary engagement are a vital means of improving business success. This year we have continued to support the Summer of Tech ICT internship programme. We have also started to work on enhancing tertiary and business engagement in a much wider sense.

Grow Wellington is the appointed partner for the Rugby World Cup 2011 Business Club. Our vision is to create valuable and lasting business connections between our regional businesses and the international business people coming to Wellington for the World Cup. We have appointed someone on a one year contract to help Wellington regional businesses to innovate and grow through building relationships with visiting international business people.

In October 2010 Grow Wellington was appointed by New Zealand Trade and Enterprise (NZTE) and the Ministry of Science and Innovation (MSI) as the Regional Business Partner for the Wellington Region. The Business Growth team therefore grew with the appointment of five Business Growth Managers responsible for working alongside growing business in the region.

Bright Ideas – Lighting the fire in the Wellington Region

As part of Grow Wellington's involvement and leadership role in innovation and investment, The Bright Ideas Challenge was undertaken for the second year. The Challenge was established in 2010 and resonated immediately with both established and emerging businesses in Wellington.

Results for the 2010 challenge included:

signing a licensing agreement with a Crown Research Institute worth millions of dollars; one idea receiving

private investment of \$500,000, seven ideas offered international TechNZ Global Expert searches (\$1,995 +GST per idea), 30 Ideas were offered direct financial support (valued at around \$200,000 +GST). This included legal support, IP support, marketing, advertising and branding support, research and development services, 100 members of the Wellington innovation and investment community gave their time to the entrants to help them develop their ideas.

The 2011 Bright Ideas Challenge was launched on 19 April and Grow Wellington decided to refine the type of entries received by focussing on ideas from individuals rather than large companies or institutions.

Feedback from the 2010 Challenge identified the value of networking and information based events prior to the Challenge closing. To address this, a series of workshops were held around pitching entrants' ideas and around networking with members of the Wellington innovation community.

Entries for the 2011 Bright Ideas Challenge closed 26 June. 881 Ideas were received. Adjusting for ideas not sought from companies or Universities this total is up on the 2010 Challenge. The media response to the Challenge has also been overwhelmingly positive with wide coverage in Wellington and regional newspapers, radio and television.

TechNZ – Opening doors for NZ Business

Grow Wellington is the Regional Business Partner for TechNZ - the Ministry of Science and Innovation's business investment programme.

TechNZ is focused on growing world class New Zealand companies through innovative technology and building people's skills and knowledge to carry out leading edge research and development.

In 2010/11 total TechNZ grants were valued at an impressive \$1,146,120, which is an increase of 100% on the previous year. Mikesen Breakfast – Grow Wellington's Business Growth Manager for TechNZ attributed this in part to the streamlining of the application process but also to heading out and promoting TechNZ to the right people at the right time.

“The TechNZ team has been focused on increasing visibility in the region (averaging 80 client meetings per month) and on targeting high growth companies. We enlisted the assistance of various partners to help identify innovative companies in the region so we could present TechNZ products to them. Focus was directed particularly at manufacturers and exporters throughout the region,” says Mikesen.

BUSINESS GROWTH

The support provided by TechNZ through Grow Wellington has enabled regional companies accessing the support to achieve considerable successes in the 2010/11 year. Some great examples are highlighted below:

CricHQ Limited is a sports technology company that is designing and developing innovative solutions to improve how junior and amateur Cricket is scored, analysed and coached. In the 2010/11 year they have entered negotiations with four test playing nations to exclusively sign up their technology.

NatWest bank in the UK signed up as a UK partner for CricHQ and they are about to sign a technology agreement with one of the world's largest global internet companies.

LocatingUs is a Wellington based company developing online visitor and event management software. Their opportunities in both local and international markets were extended significantly through TechNZ funding including securing major contracts with two leading New Zealand construction firms and opportunities in both South Africa and Dubai.

“The focus for us in 2011 is to continue to leverage the tools and global reach that we have been able to develop because of TechNZ. Not only the funding but the expertise and support shown by Grow Wellington during this growth stage,”

*Victoria Armstrong,
LocatingUs' Operations Manager.*

Spotlight Reporting was created to complement the thriving, home-grown accounting software, Xero, already a Wellington success story.

“Spotlight Reporting is a product that was designed for global consumption. This meant that getting things ‘right’ was so important. Talking to TechNZ was an obvious early step, and the grant contribution helped Spotlight Reporting undertake the right technical research before development was too far advanced,”

Richard Francis, Spotlight creator.

“The 2010/11 year was extremely successful for TechNZ and the relationships developed with companies are continuing to bear fruit,” says Mikesen.

“Our focus for next year will be taking these companies to the next level of growth and export.”

Activate

Grow Wellington's business-readiness programme Activate, continued its success during the 2010/11 financial year, and goes into its fourth year of operation in 2011/12.

The appointment of Grow Wellington as the regional partner for both NZTE and MSI coupled with the Bright Ideas Challenge in 2010, gave Activate increased exposure and ensured that the profile of Activate remained high across the region.

Activate attracted an increasing number of enquiries as the year progressed from its key target audience: smart, motivated entrepreneurs with strong business concepts. Referrals remained strong from all Territorial Local Authorities in the Wellington Region, as well as from Creative HQ and the Activate alumni. Twenty two partners supported the delivery of Activate by providing subject matter expertise and mentoring.

“Activate had several positive impacts on Educa. As first-time entrepreneurs, advice on strategic planning and market validation have been really useful for us. The opportunities to network and to receive ongoing mentoring mean we are receiving benefits from the programme now and into the future,”

Nathan Li of Educa – a participant in the October 2010 Activate programme who has recently been accepted into Creative HQ.



IM-ABLE

Grow Wellington got behind successful start-up company Im-Able at every stage of their business and continues to work with them in their significant offshore expansion activities.

Im-Able is a Seaview based company run by Sunil Vather and Geoff Todd that sells systems to aid stroke recovery. The company have developed a games system designed to help stroke rehabilitation including arm movement, balance and cognition.

After a long development period the 2010/11 year saw growth and success for the company. Leveraging their unique products with strategic, ongoing support from Grow Wellington has yielded very positive results for the company and is a great example of how Grow Wellington's suite of programmes and activities connect to take businesses like Im-Able to the next level.

Im-Able's relationship with Grow Wellington began with the inaugural Bright Ideas Challenge in 2010. Im-Able had already spent several years developing their products – in particular Able-X, a video-game like system designed to promote arm rehabilitation, balance

and memory. The company had a great product with a clear market strategy and was the eventual winner of the challenge. The seed-funding offered by the Challenge was specifically aimed at helping Im-Able market their product to an international audience.

The company began selling their product in September 2010 and by that stage had taken part in a number of programmes run by, or in association with, Grow Wellington. An experienced management team was put in place for the company and a period of intense travel to export markets began to take place.

“Worldwide over one million new stroke patients require rehabilitation each year. This technology is affordable, easy to use and internationally has a large market,”

Mary-Anne Webber, General Manager Business Growth, Grow Wellington.

Im-Able worked closely with TechNZ through Grow Wellington to access another level of support to assist with

the export market expansion. Following on from this successful engagement with TechNZ, Im-Able went on to institute an intense period of research and development for a number of products that will keep Im-Able positioned at the same leading edge of the market they currently occupy.

Sunil Vather, Chief Executive of Im-Able sums it up

“The Bright Ideas Challenge guided us on how to pitch effectively and improve our business planning process. Grow Wellington went on to help us obtain research and development grants, link with investors, introduce us to customers and networked us with manufacturing organisations. Their assistance has been invaluable to Im-Able and we see the relationship continuing as we grow.”



CREATIVE HQ

Creative HQ is Wellington's business incubator and the driving force behind Wellington's future business success stories. It connects innovation, entrepreneurship and earlier-stage ventures that have high growth global potential.

Creative HQ works in partnership with some of the region's leading business minds to turn intellectual property and bright ideas into business realities. It provides specialist and intensive support to accelerate the successful commercialisation of these high growth potential ventures.

To date Creative HQ has provided intensive support to over 75 Wellington based companies. It tracks alumni ventures and collectively to date these companies have generated \$206 million in economic value and continue to grow sustainably. The average turnover per employee in these ventures stands at \$168,000 with 42% of this coming in export earnings.

Creative HQ is now benchmarked as a leading New Zealand incubator. Over the past year it has helped the companies it supports undertake market analysis, research and pilots, develop market strategies and execute them successfully.

Highlights from the 2010/11 year saw Creative HQ as a finalist and winner of the Supporting Gold Category at the Wellington Gold Awards. Three Creative HQ ventures were finalists in the Best Business Application category, with alumni company StarNow winning the section and taking out best global application for "being truly global and dominant in their market sector."

The year also saw Creative HQ host a wide range of internationally recognised investors, entrepreneurs and speakers at Creative HQ. This included Bill Payne -US Angel Investor, David Smith – Silicon Valley Business School and Dr Rob Adams – International entrepreneur and writer.

Creative HQ's major achievements in 2010/11 include:

- › *Supporting four resident businesses to raise over \$1.3 million in first stage funding;*
- › *Supporting six of our businesses to secure government funding of \$333,000;*
- › *Strengthening relationships with the investment community through Creative HQ's relationship with Angel HQ and private investors and significantly improving our market presence through a set of marketing initiatives, activities and showcasing events.*


With the incubator foundations in place and performing well, Creative HQ is now re-setting its future sights and goals. Creative HQ strives to increase its impact by extending its services, reach and connections, influence and value across the region.





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 = 

STATEMENT OF INTENT MEASURES 2010/11

CENTRES OF EXCELLENCE	Agreed Activities	Agreed Measures	Measures Status as at 30.06.11	
Digital	Digital Innovation Hub (DIH) precinct developed around education, scoring studio and incubator businesses	2,000 sqm of DIH occupied by commercial players	The Digital Innovation Hub project was refocused to deliver business support that enhances Wellington's position as a Screen and Digital Centre of Excellence rather than invest in property to house that activity	
	The Digital Innovation Hub provides deal flow for Angel HQ	Four deals presented to Angel HQ	<p>Education: The business case was developed, financing raised and academic approvals granted for a post-graduate programme of Computer Graphics at Victoria University, in conjunction with the Ministry of Science and Innovation and businesses active in the screen industry. The undergraduate feeder programme for the Computer Graphics Programme (that will provide graduates for the course and relates to education activity for Digital and Screen) has already been delivered</p> <p>Scoring Stage: Grow Wellington has restricted its involvement in the development of a Scoring Stage while proposals await central government funding decisions</p> <p>Incubator Businesses: A co-working space (BizDojo) was developed and launched in central Wellington for independent workers and small businesses in the creative Information & Communications Technology sector. This facility will accommodate up to 45 companies. It opened with 10 resident companies in July 2011</p> <p>With the shift in focus to industry activities rather than the original Digital Innovation Hub concept no deals have been presented to Angel HQ. Investment continues to be a priority however. In line with this, a private US\$500m film, television and video gaming investment fund raising process has been initiated with involvement from Grow Wellington. Once the fund is established an appropriate deal flow structure will be setup</p>	   

The Digital Strategy was reviewed in 2010 with the result that the activities were refined and these have been implemented well. The establishment of a Computer Graphics course, the implementation of BizDojo and the successful investment work have all exceeded expectations. The overall strategy is on track

Overall performance: Positive

STATEMENT OF INTENT MEASURES 2010/11

CENTRES OF EXCELLENCE	Agreed Activities	Agreed Measures	Measures Status as at 30.06.11
Biotech & Life Sciences	Raise the profile of the Health Education and Research Collaborative (HERC) regionally, nationally and internationally	Six partners in HERC facility	There are currently three partners in The HERC facility
			Failure to gain central government funding meant the project was delayed until a new project manager was appointed in late May. Strategic review of programme activities began in June
	Launch HERC incubator and provide deal flow for Angel HQ		The HERC Incubator was unsuccessful in securing capital therefore no launch occurred












The establishment of the HERC facility for education and research partners is positive. The lack of commercialisation and business partners is disappointing, however this will be developed in 2012. The organisation has recorded an under-spend of \$120,000 largely in relation to these activities reflecting Grow Wellington's commitment to responsible and efficient use of its resources.

Overall performance: Adequate

CENTRES OF EXCELLENCE	Agreed Activities	Agreed Measures	Measures Status as at 30.06.11
Clean Technology	Clean Tech Incubator established	Three new start-ups in Incubator	Eight start-ups in Incubator. Number of companies higher than anticipated due to industry demand
	Four Clean Tech projects started		Four Clean Technology projects were identified. Two projects were initiated. After gaining industry feedback on the remaining projects it was decided that these companies were too early in development for investment to generate optimal results. Activity in this area continues
		Four partners committed to pursuit of Clean Tech Incubation fund	One investment deal secured, five pursuing 'investment ready' status. (Investment ready status requires businesses to have appropriate structures and processes in place to provide a level of comfort to potential investors.) Local investors identified



The establishment of the Clean Tech Centre has been successful. The development of new industry projects has been slower than expected and will be enhanced in 2012.

Overall performance: Adequate

BUSINESS GROWTH	Agreed Activities	Agreed Measures	Measures Status as at 30.06.11	
Innovation	Identify leveraging opportunities to lift commercialisation outcomes across the region	150 business enquiries	600 business enquiries were actioned.	
			Accessing central government support has enabled an increase in the number of Business Growth Managers employed by Grow Wellington. With this increase in resources significantly more opportunities have been identified and more enquiries have been actioned	
	Identify the components of the region's innovation system and identify potential projects	Two projects initiated to align innovation system participants	Three projects - Bright Ideas 2010 completed. - Innovation forum held August, - Kea event held November	
		80% of businesses using Business Growth advice satisfied with outcomes	88% of Businesses using Business Growth Advice satisfied with outcomes	
Investment	Consolidate Angel HQ membership and deal pipeline	45 Angel HQ members	30 Angel HQ members. The selection criteria were refined by Angel HQ to ensure membership was only obtained by the best quality investors available. In addition a number of investors left to focus more specifically on high-growth companies from earlier successful investment 68 formal applications and an additional:	
	Identify and supply brokering support for regional opportunities	130 Angel HQ enquiries 12 deals presented Four deals closed	53 enquiries = 121 in total 12 deals presented Six deals closed	
Internships (Skills)	Scope and implement initiatives as appropriate from findings of skills survey to ensure business outcomes	70% satisfaction rating from Skills Survey participants that the survey added value	The Skills Survey participants have not been separately surveyed as to their perception of the value of the Skills Survey. Grow Wellington is re-evaluating the value of this activity	
	Embed internship programme and begin move to self-sustainability	40 businesses employ interns	44 companies have employed interns.	
Activate	Deliver Activate start-up programmes	10-11 programmes are delivered to 80 companies and 90% graduate rate is achieved	Seven programmes were conducted in the 2011 financial year, with 54 companies and a 94% graduation rate. The programme activity was less than the agreed measure as activity in this area was re-evaluated internally in early 2010/11 and it was decided eight programmes was a more appropriate target. As a result the corresponding participating company rate was lower	
	Expand programme for new venture opportunities across the region and package Activate for corporate and tertiary providers		The new Activate programme has been developed for launch in September 2011. This will expand venture opportunities across the region	
Rugby World Cup	Define and identify target companies for RWC introductions	60 companies identified for commercial introductions	61 companies identified for commercial introductions	





All aspects of the Business Growth activities have performed very well. This reflects the increased resources due to leverage of Central Government support.

Overall Performance: Positive

	Agreed Activities	Agreed Measures	Measures Status as at 30.06.11	
CREATIVE HQ	Implement new structure with investment from regional partners		New Structure implemented and discussion with regional partners ongoing	
	Complete programme enhancement to lift quality and quantity of resident companies	20 ventures Nine venture exits \$130m Economic Impact from all incubatees 85% client satisfaction	21 ventures Seven venture exits \$206m economic impact from all incubatees. The quality of the Creative HQ incubatees very high leading to a significant increase in the economic impact result Achieved 94% client satisfaction	





Creative HQ has exceeded all targets.

Overall Performance: Positive

SECTORS	Agreed Activities	Agreed Measures	Measures Status as at 30.06.11	
FILM WELLINGTON	Implement improved film permit system		A new fully integrated permit online application system was designed, tested and ready to implement end of June 2011. However the measure was not fully met in the period as the overall new Film Wellington website will be launched end of July 2011	
		570 film industry enquiries managed	772 film industry enquiries managed. Awareness raising campaign very successful therefore enquiries received exceeds target substantially	
		Client sector survey shows 85% satisfaction	Client survey shows 94% satisfaction	
	Develop and implement an awareness raising campaign		Targeted PR awareness raising programme in place	





Targets have been met and international activities have proved effective at promoting Wellington as a Film Region.

Overall Performance: Positive

SECTORS	Agreed Activities	Agreed Measures	Measures Status as at 30.06.11	
FOOD & BEVERAGE Wellington on a Plate	Wellington on a Plate in place with long term future established		Wellington On a Plate Advisory Board established. Board members made up of industry members increasing the likelihood of long-term buy-in by the industry being achieved	
	Food Wellington market development projects scoped – Wine (governance) and coffee, beer (export ready)	Two projects initiated (wine governance & export coffee or beer)	Beer completed – Tuatara and Yeastie Boys are exporting. Island Bay Brewing has plans for export in 2011/2012 Wine governance not completed - Nationally the wine industry is experiencing a period of consolidation as a direct result of the global economic downturn. For this reason it was decided it was not appropriate to pursue this activity at a local level during this financial year	 
		Three projects delivered (Le Cordon Bleu, Wellington Week & Wellington on a Plate)	Three projects delivered Le Cordon Bleu September 2010, Wellington Week (Sydney two week Pop Up Restaurant) September 2010, Visa Wellington On a Plate August 2010	











Key measures have been delivered and the long term strategy is being implemented as planned.

Overall Performance: Positive

SECTORS	Agreed Activities	Agreed Measures	Measures Status as at 30.06.11	
EDUCATION International Students	International student marketing plan review implemented with clear tactics being consistently checked for effectiveness	Five initiatives to help generate increased student inflows	<p>Five initiatives completed:</p> <p>Postcards Home Competition - more than 100 students created digital postcards with messages expressing why they love living and studying in Wellington</p> <p>ANZA (Australia NZ Agents Workshop) May 2011 Inbound agent visits completed - three HK education agents visited Wellington in Oct 2010</p> <p>Vietnam in-market visit in March 2011 where eight Education Wellington International institutions attended. Expansion of Agent contacts/ direct marketing to students & parents (Wellington now hosts around one quarter of all Vietnamese international students studying in New Zealand)</p> <p>China Mission June 2011 - Eleven Education Wellington International institutions attended- agent identification, training programmes, student recruitment in key markets</p>	
		85% of Education Wellington International members satisfied in client survey with delivery against identified needs	Client Survey shows 79% satisfaction. The decrease in satisfaction should be seen in the context of a significantly increased survey base	
Products	Identify appropriate products to achieve revenue streams for export education	One collaborative export education project completed and introduced to	Online English teaching programme being trialled with primary schools in South Korea.	
		Two potential offshore partners	Interest expressed from South Korean and Vietnamese partners	






The promotion of Wellington as a student destination has been very successful. The development of an export product has progressed slower than hoped.

Overall Performance: Good

SECTORS	Agreed Activities	Agreed Measures	Measures Status as at 30.06.11	
PRIMARY Irrigation	Facilitate the development and presentation of a business case to relevant infrastructure funders as a precursor to a resource consent application for irrigation project	Funding for irrigation project is secured	\$750,000 in Greater Wellington Regional Council Annual Plan for 2011/12 confirmed. Negotiations begun with Central Government on project funding support	
		Three drafts of project business cases developed and presented to Project Leadership Group, local and central government	The development of three draft business cases was not completed as the focus was on securing the project funding	
			A review of the overall strategic case for proceeding with the project was completed in early 2011 with a positive outcome. A viable project has been identified and is now in early development	
Wood	Deliver a collaborative wood supply model, making investment in processing capacity feasible	Identify at least four potential collaborative partners with six meetings held to develop and present the model to the wood sector group	Lack of industry interest due to unfavourable market conditions for the industry has meant no progress made	
Optimising Manufacturing Programme	Recruit companies and graduates for Optimising Manufacturing Programme	16 companies in Optimising Manufacturing Programme	10 companies in Programme. Fewer companies are participating due to unfavourable market conditions for the sector in the 2010/11 year	
		Six manufacturers advocating others should join the programme	All participating companies advocating programme to others	
		Six graduates succeeding in the programme as illustrated in end of programme feedback	All graduates succeeding in programme as illustrated by company assessments	
		Three finishing graduates securing employment within sector in Wellington	One of the two graduates to leave Programme secured employment in sector in Wellington Region	
		In client sector survey Optimising Manufacturing programme participants given 85% rating of support for initiatives	Client Survey 100%	
SUB-SECTOR SPECIALIST GROUPS	Develop sub-groups of the manufacturing sector to consider market development activity	A group is established and is committed to a clearly defined project	Sub-group in place. However no appropriate project has been identified at this stage. This is a priority for the 2011/12 year	
		In client sector survey sub-sector participants given 85% rating of support for initiatives	Subsector group is in place. However no initiatives have been committed to at this stage so client survey did not include questions around this	





The Irrigation Project is progressing. The Wood Project has not gained sufficient industry support. Optimising Manufacturing has progressed as planned however the number of participating companies is below expectations.

Overall Performance: Adequate

GOOD EMPLOYER	Agreed Activities	Agreed Measures	Measures Status as at 30.06.11	
	<p>Good Employer Leadership, Accountability and Culture – engagement processes with employees and opportunities for them to participate in decisions</p> <p>Flexibility and Work Design – Consideration of flexible work practices to accommodate staff employment requirements</p> <p>Continue work preferences approach for all existing and new staff</p> <p>Social & Environmental Responsibility Maintain good awareness and responsibility</p> <p>Sound Business Practice Establishment of a clear process of assessing leadership, strategic planning, client focus, measurement and knowledge management, process management and business results</p>	<p>100% implementation of “preferred” work practises approach</p> <p>90% staff retention</p>	<p>100% implementation of preferred work practises approach achieved. Each new staff member is given an induction that includes measure and profiling under the preferred work practises approach. All staff have been profiled and refresher courses were undertaken in February</p> <p>79% staff retention</p> <p>See above</p> <p>The organisation has guidelines in place around recycling, power reduction and reducing paper usage</p> <p>The Board undertakes an annual strategic planning day. The Grow Wellington Client Survey is undertaken annually and results are used in strategic, activity and programme planning. All staff have agreed KPIs that are reviewed annually</p>	<p></p> <p></p> <p></p> <p></p> <p></p>

Staff quality continues to be very high and all projects are connected through a highly engaged team of staff.

Overall Performance: Adequate

COMMUNICATIONS AND MARKETING	Agreed Activities	Agreed Measures	Measures Status as at 30.06.11	
	<p>Communication Securing brand recognition and business uptake of Grow Wellington services throughout the region</p> <p>Get buy in from key stakeholders to use “The Wellington Story” in their international marketing</p> <p>Knowing our Region Grow Wellington’s role as a source of regional economic information established</p>	<p>28% response to annual survey and 75% of those surveyed acknowledge Grow Wellington services are a valuable resource</p> <p>2,000 site visits per month 1,500 e-newsletter subscribers</p> <p>20 partners are using “The Wellington Story” to promote their business</p> <p>Grow Wellington is perceived as the source of expert regional business opinion with media asking for comment on 36 relevant issues</p>	<p>31% response rate to Annual Survey and 81.5% of those surveyed value the services and resources Grow Wellington offers.</p> <p>On average 1,911 unique visits to the Grow Wellington website per month. On average 1,000 e-newsletter subscribers over the course of the year</p> <p>“The Wellington Story” is still a work in progress and therefore was not promoted to stakeholders. This will be a key focus for 2011/12</p> <p>110 media results achieved which were a mix of both television, print and online media. Results include both proactive (generated by the organisation on relevant issues and activities) and reactive (media seeking comment from the organisation on relevant issues)</p>	<p></p> <p></p> <p></p> <p></p>

Businesses understand and value Grow Wellington services. Stakeholder’s communication is below expectations and will be developed in 2012.

Overall Performance: Adequate

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011



Grow Wellington Limited
Annual Report
for the year ended 30 June 2011

The Board of Directors present their Annual Report including Financial Statements of the parent and group for year ended 30 June 2011.

Trading Results

	PARENT		GROUP
	2011	2010	2011
	\$	\$	\$
Total Comprehensive Income	-	-	-
Retained earnings beginning of period	56,978	56,978	56,978
NET RETAINED EARNINGS	56,978	56,978	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 2011:

	2011	2010	2011
	\$	\$	\$
Assets Totalled	676,723	689,842	746,743
Financed By:			
Shareholders Funds of	56,978	56,978	56,978
Liabilities of	619,745	632,864	689,765
	676,723	689,842	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 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.

Indemnities

The parent has not entered into any indemnity or insurance in respect of any liability that the directors may incur 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
	2011	2010	2011
	\$	\$	\$
Director			
Parent			
Murray McCaw (Chairman)	20,000	20,000	20,000
Brent Albiston	-	15,000	-
Murray Bain	-	15,000	-
Vivienne Beck	6,250	15,000	6,250
John Lumsden	15,000	15,000	15,000
John McFadzean	15,000	15,000	15,000
Luong Pham	-	7,500	-
Paul Swain	3,750	15,000	3,750
Dianne McCarthy	15,000	-	15,000
Peter Robertson	15,000	-	15,000
Rachel Taulelei	15,000	-	15,000
Paul Mersi	2,500	-	2,500
Subsidiary			
Geoff Todd	-	-	9,500
Melissa Clark-Reynolds	-	-	2,333
Nick Lewis	-	-	2,333
Nigel Kirkpatrick	-	-	-
TOTAL DIRECTORS' REMUNERATION	107,500	117,500	121,666

Donations

No donations were made by the Parent and Group during the year to 30 June 2011.

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.

	Resignation Date	Appointment Date
Parent		
Murray McCaw (Chairman) (Retired)	1-Jul-11	5-Apr-07
Brent Albiston (Retired)	1-Jul-10	23-May-07
Murray Bain (Retired)	1-Jul-10	23-May-07
Vivienne Beck (Resigned)	30-Nov-10	23-May-07
John Lumsden (Retired)	1-Jul-11	5-Apr-07
John McFadzean (Retired)	1-Jul-11	23-May-07
Luong Pham (Resigned)	31-Dec-09	23-May-07
Peter Robertson		1-Jul-10
Dianne McCarthy		1-Jul-10
Rachael Taulelei		1-Jul-10
Paul Swain (Resigned)	27-Oct-10	16-Apr-09
Paul Mersi		5-Apr-11
Subsidiary		
Geoffrey Todd (Chairman)		3-Sep-10
Melissa Clark-Reynolds		29-Oct-10
Nicholas Lewis		29-Oct-10
Nigel Kirkpatrick	7-Dec-10	21-Dec-09

Employee Remuneration

Remuneration paid to employees over \$100,000 during 2011 financial year is grouped as follows:

	2011	2010
	Number of Employees	
Salary Band		
Parent		
\$100,000 to \$109,999	1	2
\$110,000 to \$119,999	1	1
\$120,000 to \$129,999	1	-
\$130,000 to \$139,999	1	-
\$170,000 to \$179,999	-	1
\$230,000 to \$239,999	-	1
\$260,000 to \$269,999	1	-
Subsidiary		
\$100,000 to \$109,999	2	-
\$180,000 to \$189,999	1	-

The above subsidiary employees are employed by Grow Wellington Limited, but worked for Creative HQ Limited (the subsidiary) during 2010/11.

Audit New Zealand are the auditors of the 2011 financial statements and statement of intent measures. Audit Fees of \$30,000 were payable by the parent during the 2011 financial year.

General

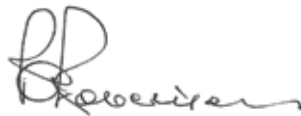
In the directors' opinion, subject to Note 28, the current financial position of the parent is satisfactory.

For and on behalf of the Board:



PAUL MERSI

30 September 2011



PETER ROBERTSON

30 September 2011

Grow Wellington Limited
Statement of Comprehensive Income
for the year ended 30 June 2011

Notes	PARENT		GROUP	
	2011	2010	2011	2011
	\$	\$	\$	\$
Revenue	Actual	Actual	Actual	Budget
Council Contributions	4,314,230	4,006,989	4,314,230	4,250,000
Grant Revenue New Zealand Trade and Enterprise	41,160	960,569	641,160	
Contracted Services NZTE & FORST/MSI	598,333	120,000	598,333	1,450,000
Sponsorship	1,875	36,000	11,875	
Fee Income	93,476	150,771	149,821	
Capital Raising Success Fees	-	19,488	6,815	
Other Revenue	4 299,535	166,539	299,535	
CHQ Management Fee	23 160,640	-	-	
Interest income	2	4,562	9,295	
TOTAL REVENUE	5,509,251	5,464,918	6,031,064	5,700,000
Expenditure				
Personnel Costs	7 2,469,125	2,752,129	3,239,795	5,700,000
Directors Fees and Expenses	21 117,955	125,310	132,121	
Creative HQ Funding	23 826,771	-	-	
Depreciation and Amortisation Expense	24,25 53,217	55,724	53,217	
Other Operating Expenses	5 2,042,183	2,531,755	2,605,931	
TOTAL EXPENDITURE	5,509,251	5,464,918	6,031,064	5,700,000
PROFIT BEFORE INCOME TAX	-	-	-	-
Income Tax Expense	8 -	-	-	-
PROFIT FOR THE YEAR	-	-	-	-
OTHER COMPREHENSIVE INCOME				
Tax expense relating to other comprehensive income	-	-	-	-
OTHER COMPREHENSIVE INCOME NET OF TAX	-	-	-	-
TOTAL COMPREHENSIVE INCOME	-	-	-	-

Grow Wellington Limited
Statement of Changes in Equity
for the year ended 30 June 2011

	PARENT		GROUP	
	2011	2010	2011	2011
	\$	\$	\$	\$
Balance at 01 July	56,978	56,978	56,978	57,000
Total Comprehensive Income	-	-	-	-
Balance at 30 June	56,978	56,978	56,978	57,000

The accompanying notes form an integral part of the Financial Statements

Grow Wellington Limited
Statement of Financial Position
as at 30 June 2011

	NOTES	PARENT		GROUP	
		2011	2010	2011	2011
		\$	\$	\$	\$
		Actual	Actual	Actual	Budget
ASSETS					
Current					
Cash and Cash Equivalents	9	223,742	224,732	333,123	220,000
Trade and Other Receivables	11	222,811	178,798	241,330	180,000
Prepayments		3,012	-	4,013	-
Intercompany Balance	23	58,881	-	-	-
Grant Income Receivable	6	29,130	152,189	29,130	140,000
Total Current Assets		537,576	555,719	607,596	540,000
Non-Current					
Property, Plant & Equipment	24	122,937	125,711	122,937	150,000
Intangible Assets	25	16,210	8,412	16,210	16,000
Total Non-Current Assets		139,147	134,123	139,147	166,000
TOTAL ASSETS		676,723	689,842	746,743	706,000
LIABILITIES					
Current					
Trade and Other Payables	12	272,289	278,108	340,790	294,000
GST Payment Due		81,962	31,309	72,815	33,000
Creative HQ Incubatee Bonds		-	8,444	10,666	10,000
Employee Entitlements	13	190,266	197,254	190,266	225,000
EWI (Inc) Trust Funds	18	75,228	86,999	75,228	67,000
Revenue in Advance	17	-	30,750	-	20,000
Total Current Liabilities		619,745	632,864	689,765	649,000
TOTAL LIABILITIES		619,745	632,864	689,765	649,000
NET ASSETS		56,978	56,978	56,978	57,000
EQUITY					
Retained Earnings		56,978	56,978	56,978	57,000
Share Capital		-	-	-	-
TOTAL EQUITY		56,978	56,978	56,978	57,000

Major Variances to Budget

Cash and Cash Equivalents are higher than expected as most of Grant Income allocated for the current financial year has been drawn down. This has also lead to Grant Income receivable being less that expected

The accompanying notes form an integral part of the Financial Statements

Grow Wellington Limited
Statement of Cash Flows
as at 30 June 2011

NOTES	PARENT		GROUP	
	2011 \$ Actual	2010 \$ Actual	2011 \$ Actual	2011 \$ Budget
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows				
Council Contributions	4,437,289	3,855,155	4,437,289	3,900,000
Grant Revenue	41,160	971,692	641,160	1,232,000
Other Revenue	1,058,886	493,443	963,550	500,000
Interest Revenue	2	4,562	9,295	-
GST Net	50,653	-	41,505	-
Cash Inflows from Operating Activities	5,587,990	5,324,852	6,092,799	5,632,000
Outflows				
Payments to Suppliers	2,877,790	2,499,615	2,547,762	2,276,000
Payments to Employees	2,594,068	2,905,330	3,378,404	3,300,000
GST Net	-	19,438	-	30,000
Interest Paid	-	-	-	-
Cash Outflows from Operating Activities	5,471,858	5,424,383	5,926,166	5,606,000
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	10	116,132	(99,531)	166,633
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows				
Sale of Property, Plant and Equipment	-	3,155	-	-
Outflows				
Purchase of Property, Plant and Equipment	40,879	24,117	40,880	30,000
Purchase of Intangible Assets	17,362	-	17,362	-
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(58,241)	(20,962)	(58,242)	(30,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Outflows				
Intercompany Balance	58,881	-	-	-
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(58,881)	-	-	-
Net increase/(decrease) in cash and cash equivalents	(990)	(120,493)	108,391	(4,000)
Cash and cash equivalents at the beginning of the year	224,732	345,225	224,732	224,000
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9	223,742	224,732	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.

Major Variances to Budget

Council Contributions higher than expected as Grant Revenue was lower than expected and more funding was drawn from them. Grant Revenue is lower than expected because of decreased funding for projects and less cash was received. Other revenue was higher as a new contract with NZTE for providing business growth services was signed.

The accompanying notes form an integral part of the Financial Statements

Grow Wellington Limited
Notes to the Financial Statements
for year ended 30 June 2011

STATEMENT OF ACCOUNTING POLICIES

1. REPORTING ENTITY

The financial statements presented are for Grow Wellington Limited (“the Parent”).

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

Grow Wellington Limited (“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 the Local Government Act 2002, by virtue of the Council’s right to appoint the Board of Directors.

The share capital of Grow Wellington Limited consists of 100 shares owned by the Greater Wellington Regional Council. At balance date all share capital remains uncalled.

The primary objective of the Parent is to implement aspects of the Wellington Regional Strategy including encouraging, promoting and supporting 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 2011. The financial statements were authorised for issue by the Board on 30 September 2011.

The Group consists of the Parent and its wholly owned subsidiary Creative HQ Limited. Creative HQ Limited began activity on 1 July 2010, therefore no group comparative figures have been provided for 2010.

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.

Grow Wellington Limited 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 has 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 qualifies 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 are measured at fair value.

Creative HQ Limited (CHQ), a subsidiary of Grow Wellington Limited, receives shares from clients involved in its incubation programme as part consideration for the services and support provided by CHQ to the client. The shares received represent a small proportion of the total equity of the client company (typically 5%). These shares are investments in equity instruments that do not have a quoted market price in an active market. They are subsequently measured at fair value based on the directors' estimate of fair value.

The directors have not disclosed the names of the companies due to commercial reasons.

(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

Financial assets that are non-derivative with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

(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
Motor Vehicles	2 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.

(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	1-3 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.

(k) Provisions

The Parent recognises a provision for future expenditure of undetermined 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 Foundation for Research, Science and Technology / Ministry of Science and Innovation (FORST/MSI) can provide awards and grants for projects the organisation undertakes. These include the Creative HQ incubator award, Regional Partner Network funding and funding for our 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 receipt of future economic benefit is probable.

(iv) Fee Revenue

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

(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 receipt of future economic benefit is probable.

(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) Capital Raising 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

	PARENT		GROUP
	2011	2010	2011
	\$	\$	\$
Other Revenue	246,711	152,924	246,711
Rental Revenue	16,917	800	16,917
Expense Recoveries	35,907	9,660	35,907
Gain on Disposal of Fixed Assets	-	3,155	-
TOTAL OTHER REVENUE	299,535	166,539	299,535

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

5. OTHER OPERATING EXPENSES

	2011	2010	2011
	\$	\$	\$
Audit Fees	30,000	27,200	43,000
Communications	52,401	57,879	76,884
Computer Services	46,484	62,909	62,652
Conference Fees	7,014	8,525	8,788
Contractors and Consultants	147,407	303,482	199,457
Course Expenses	46,354	94,392	46,354
Grants and Business Assistance	179,600	190,070	313,339
Marketing	350,700	419,348	419,975
Meeting Expenses	41,688	50,918	52,060
Mentoring Costs	23,058	68,296	22,198
Occupancy	43,925	73,247	67,256
Office Expenses	89,913	92,962	123,330
Other Operating Lease Rentals	48,165	50,639	61,985
Premises Rental	145,642	284,784	284,784
Professional Services	39,649	62,678	56,000
Project expenses	620,886	568,282	624,058
Travel	129,297	116,144	143,811
TOTAL EXPENDITURE	2,042,183	2,531,755	2,605,931

An amount of \$77,701 relating to Otaki Cleantech premise rental has been included in project expenses above because it forms part of a project being partly funded by grant income and needed to be accounted for separately from other operating rental leases.

6. GRANT REVENUE RECEIVABLE

At balance date receivable due to the Parent from the Greater Wellington Regional Council was \$29,130 (2010 \$152 189)

7. PERSONNEL COSTS

	2011	2010	2011
	\$	\$	\$
Salary and Wages	2,361,661	2,644,848	3,110,686
Other Personnel Costs	113,407	103,710	135,052
Increase/(Decrease) in Employee Entitlements	(5,943)	3,571	(5,943)
TOTAL PERSONNEL COSTS	2,469,125	2,752,129	3,239,795

8. INCOME TAX EXPENSE

	PARENT		GROUP
	2011	2010	2011
	\$	\$	\$
Net Surplus Before Tax	-	-	-
<i>Tax at 30% (2010: 30%)</i>	-	-	-
Plus (Less) tax Effect of:			
Non-deductible Expenditure	25,713	15,623	26,790
Grant for Fixed Assets	(17,473)	(7,714)	(17,473)
Tax Loss not recognised	-	(865)	-
Group Tax Loss recognised	(8,240)	(7,044)	(9,317)
TAX EXPENSE	-	-	-

The Group has made a taxable profit of \$31,056 but after the utilisation of group tax losses of \$31,056 from the Greater Wellington Regional Council the Group has no tax charge under the income payable method. (2010: \$23,481).

	2011	2010	2011
	\$	\$	\$
Calculation of Taxable Income			
Net Surplus Before Tax	-	-	-
<i>Permanent Differences</i>			
<i>Less non-assessable revenue:</i>			
Council contributions	4,314,230	4,006,989	4,314,230
Grant Revenue - NZTE	41,160	960,569	641,160
Grant Revenue - FORST	-	-	-
	(4,355,390)	(4,967,558)	(4,955,390)
Plus non-deductible expenditure			
Operating expenditure relating to grant revenue	4,297,148	4,941,846	4,897,148
Depreciation, amortisation and loss on disposal of assets	53,217	52,569	53,217
Non-deductible Entertainment	18,701	21,197	22,292
	4,369,066	5,015,612	4,972,657
TOTAL PERMANENT DIFFERENCES	13,676	48,054	17,267
<i>Timing adjustments:</i>			
<i>2011</i>			
Holiday Pay Accrual	79,433	-	79,432
Less: Holidays taken within 63 days of balance date	(19,368)	-	(19,368)
Bonus Accrual	29,400	-	29,400
Less: Bonus accruals paid within 63 days of balance date	(29,400)	-	(29,400)
<i>2010</i>			
Holiday Pay Accrual	(85,375)	85,375	(85,375)
Less: Holidays taken within 63 days of balance date	39,100	(39,100)	39,100
Bonus Accrual	(53,170)	53,170	-
Less: Bonus accruals paid within 63 days of balance date	53,170	(53,170)	53,170
<i>2009</i>			
Holiday pay accrual	-	(81,804)	-
Less: Holidays taken within 63 days of balance date	-	13,839	-
Bonus Accrual	-	(24,170)	-
Less: Bonus accruals paid within 63 days of balance date	-	24,170	-
	13,791	(21,690)	66,959
Taxable Income	27,465	26,363	31,056
Tax Loss Utilised	-	(2,882)	-
Group Tax Loss Utilised	(27,465)	(23,481)	(31,056)
TAXABLE INCOME (LOSS)	-	-	-

The Group has no imputation credits at balance date (2010: \$0).

9. CASH AND CASH EQUIVALENTS

	PARENT		GROUP
	2011	2010	2011
	\$	\$	\$
Cash at bank and in hand	223,742	224,732	333,123
Short term deposits	-	-	-
TOTAL CASH AND CASH EQUIVALENTS	223,742	224,732	333,123

Cash at bank earns interest at floating rates based on daily bank deposits.

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 CASHFLOW FROM OPERATIONS

	2011	2010	2011
	\$	\$	\$
Net Profit After Tax	-	-	-
Adjustments for			
(Gain) / Loss on disposal of assets	-	(3,155)	-
Depreciation	43,653	33,887	43,653
Amortisation	9,564	21,837	9,564
Changes in assets and liabilities			
(Increase)/Decrease in Trade and Other Receivables	(44,013)	2,112	(62,528)
(Increase)/Decrease in Prepayments	(3,012)	14,890	(4,013)
(Decrease)/Increase in Trade and Other Payables	44,834	(2,194)	104,186
(Decrease)/Increase in Employee Entitlements	(6,988)	(27,890)	(6,990)
(Increase)/Decrease in Grant Income Due	123,059	(151,834)	123,059
(Decrease)/Increase in Income in Advance	(50,965)	12,816	(40,298)
NET CASH FROM OPERATING ACTIVITIES	116,132	(99,531)	166,633

11. TRADE AND OTHER RECEIVABLES

	PARENT		GROUP
	\$	\$	\$
	2011	2010	2011
Trade Receivables	160,242	57,527	178,761
Other Receivables	62,569	121,271	62,569
	<u>222,811</u>	<u>178,798</u>	<u>241,330</u>

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 Company, as the Company has a large number of customers. The carrying value of receivables approximates their fair value.

12. TRADE AND OTHER PAYABLES

	2011	2010	2011
	\$	\$	\$
Trade Payables	176,195	170,765	220,153
Non-Trade Payables and Accrued Expenses	96,094	107,343	120,637
	<u>272,289</u>	<u>278,108</u>	<u>340,790</u>

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

	2011	2010	2011
	\$	\$	\$
Annual Leave/Holiday Pay	79,432	85,375	79,432
Long Service Leave	-	-	-
Accrued Salary and Wages	110,834	111,879	110,834
	<u>190,266</u>	<u>197,254</u>	<u>190,266</u>

14. CAPITAL COMMITMENTS

There were no capital commitments at balance date. (2010: Nil)

15. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2011	2010	2011
	\$	\$	\$
Less than One Year	191,504	328,955	341,288
Between One and Five Years	359,259	867,813	644,104
More than 5 Years	-	-	-
	<u>550,763</u>	<u>1,196,768</u>	<u>985,392</u>

A significant portion of the total non-cancellable operating lease amount relates to the lease of the Group's offices. The lease expires in June 2017, with an option to vacate the premises at the lease renewal date of 30 June 2014. The Company has assumed it will vacate the premises at the lease renewal date of 30 June 2014. The Company does not have the option to purchase the asset at the end of the lease term.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and/or contingent assets at balance date. (2010: Nil).

17. REVENUE IN ADVANCE

Revenue in advance represents funds received for which the contracted work was incomplete at balance date.

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. Equity is represented by net assets.

20. SUBSEQUENT EVENTS

There were no significant events after balance date.

21. DIRECTORS FEES AND EXPENSES

	PARENT		GROUP
	2011	2010	2011
	\$	\$	\$
Murray McCaw (Chairman)	20,000	20,000	20,000
Brent Albiston	-	15,000	-
Murray Bain	-	15,000	-
Vivienne Beck	6,250	15,000	6,250
John Lumsden	15,000	15,000	15,000
John McFadzean	15,000	15,000	15,000
Luong Pham	-	7,500	-
Paul Swain	3,750	15,000	3,750
Dianne McCarthy	15,000	-	15,000
Peter Robertson	15,000	-	15,000
Rachel Taulelei	15,000	-	15,000
Paul Mersi	2,500	-	2,500
Geoff Todd	-	-	9,500
Melissa Clark-Reynolds	-	-	2,333
Nick Lewis	-	-	2,333
Nigel Kirkpatrick	-	-	-
Total Directors Fees	107,500	117,500	121,666
Directors' Expenses	10,455	7,810	10,455
TOTAL DIRECTORS' FEES AND EXPENSES	117,955	125,310	132,121

22. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	PARENT		GROUP
	2011	2010	2011
	\$	\$	\$
<i>Loans and Receivables</i>			
Cash and Cash Equivalents (Note 9)	223,742	224,732	333,123
Trade and Other Receivables (Note 11)	222,811	178,798	241,330
Grant Revenue Receivable (Note 6)	29,130	152,189	29,130
Intercompany Balance (Note 23)	58,881	-	-
TOTAL LOANS AND RECEIVABLES	534,564	555,719	603,583
<i>Investments</i>			
Shares in Incubator Companies	-	-	-
	-	-	-

The policy is to recognise such investments both initially and subsequently at fair value. This will be based on a Directors' assessment of fair value using the following approach, but would only be applied if the possible combined amounts are material for Grow Wellington's financial statements.

Scenario	Basis of Fair Value Assessment
Where the start-up entity is loss making and has negative equity	Value at \$Nil
Where the entity is making returns	For startup entities which have reached a stage in their development where profits are being earned, fair value will be determined based on the application of the commonly accepted valuation methodology considered most relevant to the particular characteristics of the business in which the entity is engaged and the current state of the business. This may include but is not limited to net assets, discounted future cash flows or capitalisation of earnings.

Financial Liabilities measured at amortised cost

Trade and Other Payables (Note 12)	272,289	278,108	340,790
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	272,289	278,108	340,790

23. RELATED PARTIES

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

				PARENT	
				2011	2010
				\$	\$
Services purchased from Related parties					
Related Party	Board Member	Relationship	Description		
Wellington Regional Chamber of Commerce	John Lumsden and Nigel Kirkpatrick	Committee Member & Board Member	Purchase of membership services	-	1,240
3 Months.com	John Lumsden	Chair	Hosting Creative HQ website	-	338
India HorizonNZ Ltd	Paul Swain		Clean Tech Centre of Excellence Research in India	-	4,781
Creative HQ Limited		Subsidiary	Incubation Services	826,771	-
TOTAL SERVICES PURCHASED FROM RELATED PARTIES				<u>826,771</u>	<u>6,359</u>

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

				2011	2010
				\$	\$
Services Sold to Related Parties					
Related Party	Board Member	Relationship	Description		
Foundation for Research Science and Technology	Murray Bain	CEO	Sale of services to deliver regional technology partner services to regional businesses.	-	192,411
Accident Compensation Corporation	Peter Robertson	General Manager Scheme Performance, CFO	ACC Levies	14,848	-
Creative HQ Limited		Subsidiary	Management Fees for Services Supplied	160,640	-
TOTAL SERVICES SOLD TO RELATED PARTIES				<u>175,488</u>	<u>192,411</u>

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 \$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.

All staff are employed by Grow Wellington Limited. Grow Wellington retains all liabilities relating to those staff members.

At year end an amount of \$12,269 was payable to ACC in ACC levies by the Parent.

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.

With the exception of council contributions of \$4,314,230 (2010: \$4,006,989) there was no other related party transactions between Grow Wellington Limited and their owner the Greater Wellington Regional Council.

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 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
	\$	\$	\$	\$	\$	\$
Motor Vehicles	-	-	-	-	-	-
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

30 June 2010

	Carrying Amount 01 July 2009	Accumulated Depreciation and Impairment Charges 01 July 2009	Cost or Deemed cost 30 June 2010	Current Year Depreciation	Accumulated Depreciation and Impairment Charges 30 June 2010	Carrying Amount 30 June 2010
	\$	\$	\$	\$	\$	\$
Motor Vehicles	-	4,586	-	-	-	-
Equipment	11,838	5,139	17,049	2,596	6,987	10,062
Computer Hardware	44,885	14,764	74,826	20,848	33,651	41,175
Furniture	78,757	13,491	98,408	10,443	23,934	74,474
	135,480	37,980	190,283	33,887	64,572	125,711

Property, Plant and Equipment are for both Parent and Group

25. INTANGIBLE ASSETS

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
	\$	\$	\$	\$	\$	\$
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

30 June 2010

	Carrying Amount 01 July 2009	Accumulated Depreciation and Impairment Charges 01 July 2009	Cost or Deemed cost 30 June 2010	Current Year Depreciation	Accumulated Depreciation and Impairment Charges 30 June 2010	Carrying Amount 30 June 2010
	\$	\$	\$	\$	\$	\$
Software	30,249	47,458	76,936	21,837	68,524	8,412
	30,249	47,458	76,936	21,837	68,524	8,412

Intangible Assets are for both Parent and Group

26. EQUITY

The Parent has 100 uncalled shares in the Subsidiary. (2010: 100)

The Greater Wellington Regional Council has 100 uncalled shares in Grow Wellington Limited. (2010: 100)

27. SUMMARY COST OF SERVICES

	GROUP		
	2011	2011	2010
	\$	\$	\$
Revenue	Actual	Budget	Actual
Council Contributions	4,314,230	4,250,000	4,006,989
Developing Centres of Excellence	77,868	319,000	293,099
Supporting Priority Sectors	322,185	260,000	232,640
Grow and Retain Business	1,301,781	864,000	923,593
Grow Broadband	-	-	-
Raising the Value of our International Gateways	-	-	-
Carbon Neutral Region	-	-	-
Other Income	15,000	7,000	8,597
	<u>6,031,064</u>	<u>5,700,000</u>	<u>5,464,918</u>

Major Variances from Budget

Council contributions variance of \$64,230. Extra funding drawn down against SOI budget. However, savings in previous years funding resulted in additional funds of \$240,000 being available of which \$175,770 is still available.

Developing Centres of Excellence variance of \$241,132 less revenue than budget because a major project was reviewed and it was decided not to carry it out.

Supporting Priority Sectors \$62,185 variance. Additional support was provided for increased activity in Manufacturing programme.

Grow and Retain Business \$437,781 more income from New Zealand Trade and Enterprise and Ministry of Science and Innovation for delivering services on their behalf. This was not known at time of preparing our SOI.

Expenditure

Developing Centres of Excellence	528,493	960,000	968,900
Supporting Priority Sectors	2,077,135	1,940,000	2,002,011
Grow and Retain Business	3,415,436	2,800,000	2,287,792
Grow Broadband	10,000	-	82,486
Raising the Value of our International Gateways	-	-	41,243
Carbon Neutral Region	-	-	82,486
	<u>6,031,064</u>	<u>5,700,000</u>	<u>5,464,918</u>

Major Variances from Budget

Variance \$431,507 in Clean Technology because a major project did not eventuate.

Variance \$137,135 in Supporting Priority Sectors because of increased activity in Manufacturing graduates programme.

Variance \$615,436 in Grow and Retain Business because of increased activities to deliver Government services.

28. FUNDING DEED

The Parent operates under a Funding Deed with the Greater Wellington Regional Council, by which the Parent is reliant for the larger part of its revenue. The company is managed as a public benefit entity, and the Council may adjust its funding to the Parent in any financial year if it believes that the Company has failed to carry out its obligations and responsibilities under the Funding Deed or a default has occurred.

Continued existence of Grow Wellington is dependent on the Local Government Act 2002, Section 16 process as part of the Long Term Plan. The extent to which Greater Wellington continues its regional economic development activity is dependent on the outcome of its Long Term Plan process, and in particular the 2012/22 consultation it must undertake with territorial authorities under Section 16. Because of these requirements Grow Wellington's funding agreement with Greater Wellington does not extend beyond 30 June 2012. Grow Wellington's continued existence is therefore uncertain. However, as Greater Wellington has agreed in principle to continue the function of the regional development activity, then the financial statements have been prepared on a going concern basis.

Based on budgets and intents for the year to 30 June 2012 and a year beyond, there is no intent to record a deficit. It is management's and the Directors' intent to maintain a positive or neutral equity position for the life of the parent.

Independent Auditor's Report

**To the readers of Grow Wellington Limited and group's
financial statements and statement of service performance
for the year ended 30 June 2011**

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 36 to 55, that comprise the statement of financial position as at 30 June 2011, 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 25 to 31.

Opinion on the financial statements and the statement of service performance

In our opinion:

- › the financial statements of the company and group on pages 36 to 55:
 - › comply with generally accepted accounting practice in New Zealand;
 - › comply with International Financial Reporting Standards; and
 - › give a true and fair view of the company and group's:
 - financial position as at 30 June 2011; 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 25 to 31:
 - › 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 2011.

Emphasis of matter – validity of the going concern basis on which the financial statements have been prepared.

Without modifying our opinion, we draw your attention to note 28 to the financial statements on page 55 about the continued existence of the company and group beyond 30 June 2012 being dependent on the outcome of Greater Wellington Regional Council's 2012/22 Long Term Plan process.

The outcome of the process is unknown at this stage. The validity of the going concern assumption on which the financial statements are prepared depends on the consultation that the Greater Wellington

Regional Council must undertake with territorial local authorities within the region.
We consider the disclosures to be adequate.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the Statement of Financial Position. In addition, the company may have to provide for further liabilities that might arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Opinion on 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 30 September 2011. 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 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

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

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

GROW WELLINGTON BOARD MEMBERS



MURRAY MCCAW (CHAIR UNTIL 30.06.11)

Murray McCaw is a Director of Cormilligan Group – a privately owned consulting company established in 1998 to provide governance skills and strategy advice to New Zealand and Pacific based businesses. Prior to taking up the role as Chair of Grow Wellington in 2007, Murray had chaired the Wellington Regional Strategy Forum for three years. The Forum developed the Wellington Regional Strategy. He is a graduate of Harvard Business School and is also a Director of Bay of Many Coves Resort Ltd, BOMC Properties Ltd and Mitsubishi Motors NZ Ltd and a Trustee of Sport Wellington Region and Hawke's Bay Sports Park Trust.



BRENT ALBISTON

Brent Albiston is Chairman and Managing Director of Radiola Aerospace Ltd, an aviation services company which sells aeronautical navigation aids and flight inspection services in New Zealand and internationally. Brent was a Board Member of Business Porirua from 1995, resigning as Deputy Chairman in 2007. He is a Chartered Accountant and a Fellow of the New Zealand Institute of Management. He is also an NZIM Mentor, and Chairman of Sticky Pictures Ltd.



PAUL MERSE (CHAIR FROM 01.07.11)

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.



VIV BECK

Viv Beck trained as a journalist and completed a degree in economics at Victoria University. She's had a varied career and now works in her own business after co-writing and successfully launching a leadership book for women starting out in their careers. She was Chief Executive of design and print agency Communication Arts for five years and prior to that, held senior leadership positions at New Zealand Post. Viv is Chair of the Wellington Museums Trust, which operates the largest grouping of arts and cultural visitor attractions in Wellington.



JOHN LUMSDEN

John is Chair of Moxie Communications Ltd, Virtual Expos New Zealand Limited, and the Advisory Board of Productspec Limited. He is a Past President of the Wellington Regional Chamber of Commerce, participating on the Board Committee that managed the merger with the Employers and Manufacturers Association. Until early 2007 he was the Chief Executive of the Meteorological Service of New Zealand Limited, a position he held since it was established as a State Owned Enterprise in 1992.



JOHN MCFADZEAN

John McFadzean was born and educated in the Wairarapa, and has been involved with agriculture all his life. John owns and operates three sheep and cattle properties in the Wairarapa and he won the 1993 Wairarapa Farmer of the Year Award. He set up and continues to manage three forestry partnerships involving 100 partners. These forests are recognised as high growth and high quality plantations. He has been a member of various local body sub committees and is active in community service.



RACHEL TAULELEI

Rachel Taulelei is the founder of Yellow Brick Road, a company demonstrably invested in New Zealand's food culture. 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



TAN PHAM

Tan Pham is a consulting engineer and a former Director of the Association of Consulting Engineers (NZ). Most of his recent work has been in the Pacific and Southeast Asia, in the areas of seismic engineering, rural water supply, electrification and natural hazards. Tan obtained his engineering, finance and economic degrees from the Universities of Auckland, Victoria and Massey. Tan is currently working in Vietnam as a Managing Director of CPG Vietnam, a subsidiary of Downer.



PAUL SWAIN

Paul Swain was a member of the New Zealand Parliament from 1990 to 2008. He was a Cabinet Minister from 1999 to 2005 holding a number of portfolio responsibilities including Commerce, Communications, Information Technology, Transport, Immigration, State Owned Enterprises, and Associate Economic Development. Paul is a part-owner and Director of India Horizonz Limited. He also has his own consulting business and has recently been appointed by the Government as the Chief Crown negotiator for the Ngati Porou Treaty Settlement.



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



MURRAY BAIN

Murray Bain is CEO of the Foundation for Research Science and Technology, having previously been Assistant Governor of the Reserve Bank. He has a strong banking and IT background and held a variety of senior positions in the Trust Bank Group over a number of years. He has also been director of a number of companies, including the Institute for Environmental Science and Research. Murray was a Trustee of Positively Wellington Business.



DR DI MCARTHY

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.

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

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