



Report 08.192  
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Committee Wellington Regional Strategy  
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## Grow Wellington Draft Statement of Intent 2008/2009

### 1. Purpose

To consider Grow Wellington's Draft Statement of Intent 2008/09 and to provide feedback to the Board on its contents.

### 2. Significance of the decision

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

### 3. Background

Grow Wellington is a Council Controlled Organisation established by Greater Wellington, on the recommendation of the Wellington Regional Strategy (WRS) Committee. It was established to deliver key economic development components of the WRS. The 2008-2009 Statement of Intent (SOI) is the second prepared by the company.

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

Section 64 of the Local Government Act 2002 (the Act) requires Grow Wellington to have an SOI. Schedule 8 of the Act sets out the requirements for an SOI, including the purpose of an SOI which is to:

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

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

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

- (a) the objectives of the organisation
- (b) a statement of the board's approach to governance of the organisation
- (c) the nature and scope of the activities to be undertaken
- (d) the ratio of consolidated shareholder's funds to total assets, and the definitions of those terms<sup>1</sup>
- (e) the accounting policies of the organisation
- (f) the performance targets and other measures by which the performance of the organisation may be judged in relation to its objectives
- (g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to its shareholder<sup>2</sup>
- (h) the kind of information to be provided to the shareholder during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how this is to be presented)
- (i) the procedures to be followed before the organisation subscribes, purchases, or otherwise acquires shares in any company or organisation<sup>3</sup>
- (j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation)
- (k) the board's estimate of the commercial value of the shareholder's investment in the company and the manner in which, and the times at which, that value is to be reassessed<sup>4</sup>
- (l) any other matters that are agreed by the shareholder and the board.

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

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

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

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

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

#### 4. Discussion

The Draft SOI 2008/09 is in **Attachment 1**. The Chief Executives considered an earlier draft of the document and provided informal feedback to the Board. As a result of the feedback further changes were made to the document. While some Chief Executives have noted that more detail could be provided in the SOI in some areas, overall the document is considered to meet the requirements of the Act and provide a clear and comprehensive outline of the Board's activities.

No changes are required to the Draft SOI.

#### 5. Communication

The feedback from the Committee will be sent to the Grow Wellington Board. Any communications about the activities in the SOI will be for Grow Wellington to communicate.

#### 6. Recommendations

*That the Committee:*

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Agrees to provide the following feedback to the Grow Wellington Board:*
  - i. *that the Committee commends the Board on the quality of the Draft SOI.*
  - ii. *that the Committee acknowledges the previous consultation undertaken with the Chief Executives.*

Report prepared by:

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Report approved by:

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Attachment 1: Grow Wellington Draft Statement of Intent 2008/2009