



Report 09.133
Date 8 March 2009
File WRS/09/01/01

Committee Wellington Regional Strategy
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Grow Wellington Draft Statement of Intent 2009/2010

1. Purpose

To consider Grow Wellington's Draft Statement of Intent 2009/10 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 2009-2010 Statement of Intent (SOI) is the third prepared by the company.

3.1 Legal requirement for a Statement of Intent

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

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

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

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

- (a) the objectives of the organisation
- (b) a statement of the board's approach to governance of the organisation
- (c) the nature and scope of the activities to be undertaken
- (d) the ratio of consolidated shareholder's funds to total assets, and the definitions of those terms¹
- (e) the accounting policies of the organisation
- (f) the performance targets and other measures by which the performance of the organisation may be judged in relation to its objectives
- (g) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to its shareholder²
- (h) the kind of information to be provided to the shareholder during the course of those financial years, including the information to be included in each half-yearly report (and, in particular, what prospective financial information is required and how this is to be presented)
- (i) the procedures to be followed before the organisation subscribes, purchases, or otherwise acquires shares in any company or organisation³
- (j) any activities for which the board seeks compensation from any local authority (whether or not the local authority has agreed to provide the compensation)
- (k) the board's estimate of the commercial value of the shareholder's investment in the company and the manner in which, and the times at which, that value is to be reassessed⁴
- (l) any other matters that are agreed by the shareholder and the board.

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

4. Discussion

The draft SOI 2009/10 is in **Attachment 1**.

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

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

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

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

The Chief Executives considered draft at their meeting on the 6th March. They noted that Grow Wellington's SOI is consistent with the previous SOI. This includes a continuing focus on supporting growth in high export value activities, while also responding to the current economic conditions. The Chief Executives noted the need for Grow Wellington to retain flexibility to respond to the changing economic climate and uncertain future conditions.

The Chief Executives concluded that no changes are required to the Draft SOI.

The Chief Executives discussed issues associated with communicating the Grow Wellington activities to their councils. There was a general view that most of the presentations Nigel Kirkpatrick has made to councils over the past year have been very positively received. They acknowledged the importance of Grow Wellington continuing to take a regional focus in its work. They also recognised that at the local level councillors are often interested in hearing about the specific benefits accruing to their city/district. They encouraged Grow Wellington to continue communicating directly with local councils.

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 that no changes need to be made to the Draft SOI and that this be communicated to the Grow Wellington Board.*

Report prepared by:

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Attachment 1: Grow Wellington Draft Statement of Intent 2009/2010