

# GROW

## WELLINGTON



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**HALF YEARLY REPORT  
JUNE-DECEMBER 08**

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To work for and with high growth potential businesses and sectors to connect and inspire world changing activity has been our focus for the first half of FY2009.

Despite the unique economic climate we remain committed to investing in growing our economy, especially our exports, to help create a strong and vibrant Wellington region to be enjoyed by all who visit, live, and work here. This commitment will not change however we must also acknowledge that the economic environment has changed. We have therefore continued to support export oriented businesses and also developed an approach to support businesses through this difficult period.

Through collaboration with businesses we have developed a much deeper understanding of the needs of the region's business community and we have developed plans to help businesses survive the new climate.

We aim to connect high growth businesses with the people, tools and knowledge they need to fulfil their potential

Our services, across a range of programmes all reflect this fundamental role.

Two areas of particular importance for ongoing growth are investment and skills. Without these the region will not be able to prosper. We have identified the need to inspire confidence in investing, the work Angel HQ is doing reflects this. Skilled employees add value to our region, we facilitate the promoting of the region both nationally and internationally helping to ensure that the right people are connected with the right jobs.

Grow Wellington's Centres of Excellence programme focuses on three specialised industries in the region that are globally recognised for their innovation and potential to become world changing. This area is developing more quickly than expected and we are confident the benefits to the regional economy will be seen in the near future, with true scale to be achieved in the long term.

In our Business Growth area we have three programmes: Activate is for great business ideas, it is a four month programme to help build the foundations for business growth. Incubate (Creative HQ) is our business incubator where we closely mentor up to 20 businesses for up to two years. Accelerate is a flexible support service connecting high growth businesses with the right people, tools and knowledge to help them grow their export potential. In the last six months we have actively worked with over 300 businesses in the region.

Our Priority Sector programme gives businesses in the primary, manufacturing, film, food and beverage and education sectors the opportunity to be part of projects specifically designed to promote growth.

All our programmes have a regional focus. We have been active to ensure that our structure enables businesses from throughout the region to benefit from our support.

Businesses will not grow without appropriate investment, hence we have continued to drive the establishment of AngelHQ, the angel investment network.

By December last year we had prepared for the unique set of economic challenges facing us in the next six months and for as long as it is needed, so have honed our current programmes and developed projects to address the recession.

### RESPONDING TO THE ECONOMIC CLIMATE

It is essential for us to continue to focus our efforts on support and growth of export oriented businesses.

An analysis of New Zealand's largest businesses indicates that our economy is highly dependent on local economic activity. The top 100 employers include 49 that are government controlled and include only 10 that are export oriented.

Along with many New Zealand commentators we believe the New Zealand economy will shrink over the next year or two. Economic and employment growth will only be achieved through globally active and competitive companies. We believe growth will come from intelligent and targeted support for existing "medium sized" exporters and in the development of new globally relevant companies.

### GROW WELLINGTON'S RESPONSE

Grow Wellington's response to the current situation has been to identify ways to help businesses effectively engage with their professional services providers and banks. We have also maintained existing programmes which enhance export capability.

In late December 2008, Grow Wellington convened a meeting with the major advisory and insolvency firms in Wellington, the Chamber of Commerce and the Employers and Manufacturers Association.

We agreed we need to:

- engage with the major banks and express our concerns (this is underway);
- ensure banks are aware of the major role they play in business sustainability
- ensure businesses understand how to most effectively engage with banks in the new environment (the Banks we have already spoken to are very willing to partner with us in such a programme);
- ensure businesses know they must secure professional advice early – rather than ‘skating on thin ice’ for too long and ultimately ending up leaving their bankers with no choice but to act to call in loans and wind up the company; and
- the need to engage with the media to ensure these messages are well understood.

The result has been the development of a support programme for businesses in the region which will utilise the resources of the region – including banks, business advisors, IRD, regional and local business support agencies and the local media.

This programme will be launched in April 2009, it will initially focus on cash then will provide business support for people issues as well.

## ECONOMIC OUTLOOK

Grow Wellington does not have the skills and resource to develop an economic outlook however our role is to constantly monitor the environment in order to react as necessary.

The region has two imminent challenges:

- the impact of the global downturn
- the impact of a reduction in government spending affecting the number of employees who live throughout the region

Both will be monitored closely and Grow Wellington will adjust programmes if necessary.

## CENTRES OF EXCELLENCE

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The Centres of Excellence programme has focused on three specialist fields of work in the Wellington region that have developed renown for their innovation and distinction. These are the three areas that we will develop as world leading Centres of Excellence and which will form vital platforms for growth as we come out of recession.

The long term target is to achieve an industry of \$1bn

Our efforts in Grow Wellington have been supported by expert panels of advisors in each of the developing Centres of Excellence areas.

## SCREEN AND DIGITAL TECHNOLOGIES

The Wellington region accounts for upwards of 60% of national employment in the game development segment, with local companies such as Sidhe Interactive participating effectively in the global US\$38b industry.

In the film and television space, the activities of Weta Workshop, Weta Digital, Gibson Group, Park Road Post and others, place Wellington at the very forefront of both digital film and entertainment servicing and also innovation.

The activities of Grow Wellington are focused on:

- Establishing frameworks for the development of intellectual property in this sector.
- Establishing a case for a collaborative Digital Innovation Hub to be based in a purpose built precinct.
- Encouraging the creation of the New Zealand Institute for Screen Innovation as a facilitative body for activating investment into the areas of education, industry infrastructure and global alliances.
- Working to establish the Douglas Lilburn Studio Trust, a purpose built orchestral recording studio.

## BIOTECHNOLOGY AND HEALTH RESEARCH

With educators such as Whitireia Polytechnic, Victoria University, Otago Medical School and Massey University all located in the region, and researchers such as Malaghan Institute, IRL, Victoria University, Medical Research Institute and Wakefield Hospital, we have all the elements for innovation in the area of education and health services.

Accordingly our efforts have been focused on:

- The establishment of a Health Education and Research Collaborative (HERC) which will bring a number of these players, along with Capital Coast District Health Board, into a group that will aim to establish a single purpose-built health innovation hub.
- The research and education agendas are now understood and the next step will be the identification of space for the HERC.
- Engagement with the Gillies and McIndoe Centre based in Hutt City to understand how this can be part of a regional Centre of Excellence followed by connection with the Wallaceville Research Centre based in Upper Hutt.

A business case for Government support for this collaborative will be completed by September this year.

### SUSTAINABLE AND RENEWABLE ENERGY

The Wellington region has leadership in several areas of renewable and sustainable energy with Victoria University, WelTec, NIWA, GNS Science and IRL all based here. Each of these groups has research programmes in differing areas and our task has been to identify where the global market demands lie and what relevance our activities have to those demands.

Our activities have focused on:

- Completion of a detailed analysis of India as a likely partner for innovation and market development initiatives.
- Working with Victoria University and GNS Science to establish the Pacific Chair of Clean Energy as a joint research and education collaborative.
- Building a business case and initiating a feasibility study for a world class Marine Energy Centre to be based in Wellington. The vision for this centre could be a world test site for tidal energy companies utilising our unique tidal currents in the Cook Strait.

The Centre of Excellence programme is aimed at achieving significant industries over the long term. In order to achieve both short term and long term economic benefit it is essential to focus on the areas of greatest potential.

The work to date has identified that the Digital and Health programmes will provide the greatest benefits in terms of Grow wellington resource.

## INVESTMENT

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Angel HQ is an angel investment club. It connects investors with the most exciting and dynamic of the early-stage businesses in the region. It helps to bridge the gap between businesses' ability to fund their early growth on money from their own resources, and the point where the company has a track record that qualifies it for institutional finance from more traditional sources. Angel HQ has an advisory group comprising some of the Wellington region's top entrepreneurs, business people, and investment specialists.

Availability of cash continues to be critical for start up and early stage businesses. Grow Wellington has driven the establishment of Angel HQ and will continue to support it until it is self maintained. The creation of the Establishment Board is proof that Angel HQ is developing toward a self sufficient group.

In the year that Angel HQ has existed, four investment evenings have been held, with 14 deals presented, three completed, \$1m invested and two more deals in due diligence.

There are 25 club members including four affiliate members (ie organisations not individuals – MOVAC, Jasmine Investment, MP Capital and Evander Management). Over 80 enquiries from prospective opportunities have also been fielded. In-kind and financial support to the club has been provided by sponsors, including the BNZ, Deloitte, PWC and Gibson Sheat.

Due to the club's increased momentum, an Establishment Board chaired by Phillip Meyer and including Sam Knowles, Dion Mortensen, Bruno Bordignon and Simon Holdsworth has been created.

Four other events which we refer to as our Angel MBA classes have been held, raising the capability of our angels. These have included sessions with Rod Drury focussing on due diligence and Richard Westlake concerning governance in high growth start-ups.

Angel HQ has been accepted into the Seed Co-Investment accreditation process. This means that for every dollar our angels invest, the Government will also invest a dollar up to \$250K.

## SKILLS

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Connecting businesses with the right people, from recruiters to central government agencies, to meet their skills needs. The targeted Skilled Migrant Programme promotes the region to skilled migrants placing them in businesses and sectors which need them.

In September we partnered with Wellington City Council to promote living and working in Wellington at the Your Career Live Expo in Auckland. Interest for job information was keen. The sector attracting the most interest was IT followed by education/science and engineering.

The last six months has seen placements of migrants into employment through referrals or more directly from the database on the Grow Wellington website. The number of employers registered is 140 and the number of migrants registered varies between 3500 and 4000. Employers accessing the



database to search for CVs and to list jobs averaged 20 per month over this six month period.

Some examples of successful placements:

- A BA from the US was found on the database and placed by EDS. His manager is 'thrilled' with him
- A highly qualified and experienced policy manager was found on the database and placed at DOL by The Johnson Group, a specialist public sector recruiter.
- Core Technology has employed a highly skilled developer from the US after a direct referral from Grow Wellington. They have several other candidates under consideration after listing their roles with us.
- Equinox has also listed several roles and made two placements, both from South Africa, in the last six months.

We have also been able to assist both employers and migrants with immigration difficulties.

During the last six months we have worked from the employment section of the Wellington Regional Settlement Strategy. This is supporting employers with diverse workforces. Grow Wellington is the lead agency and with support and consultation from contributing agencies we are working on producing a directory of resources and tools for employers.

## HIGH GROWTH PRIORITY SECTORS

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Grow Wellington supports the key regional priority sectors of Film, Food and Beverage, Primary and Manufacturing, Education and Knowledge skills. Cutting edge technology is integral to all of these sectors. A manager is dedicated to each sector, providing the right connections and advice and endeavouring to facilitate projects that may lead to future Centres of Excellence. In working across high growth sectors and individual businesses we facilitate and inspire world changing activity.

### FILM

Film Wellington promotes Wellington as a screen production destination. The office is focused on keeping Wellington film friendly and provides a free support service for local and international films, television programmes and commercials. The team at Film Wellington helps source locations, arrange film permits and provide useful information and industry introductions.

Film Wellington issued 102 Film Permits, encompassing 222 Location Permits, over these six months.

Inbound recognisance missions were managed for a potential UK/NZ feature film co-production.

In November Film Wellington was involved in hosting two very prestigious entertainment industry conferences. AnimfxNZ and The Association of Film Commissioners International (AFCI) Cineposium.

AnimfxNZ has become one of the world's most significant expositions of games, animation and visual effects. Grow Wellington's support and leverage, co-ordinated by Film Wellington, included a successful business networking function and business meetings between local industry and key international speakers.

After more than two years of bidding and preparation work, The Association of Film Commissioners International (AFCI) Cineposium was staged in New Zealand for the first time. This is the annual education event to prepare film commission professionals for the future of global film making. It was hosted by Film Wellington and deemed a huge success by AFCI, Cineposium participants and local industry attendees. It was a rare opportunity to tell the Wellington region's film story in a very personal and inspiring way and showcase our production and post-production capabilities to both the attendees and from the wide industry media coverage it received.

## KNOWLEDGE PRODUCTS

Grow Wellington's goal in this area is to help businesses develop well defined, export ready products. Knowledge products include training and education programmes with export potential, ICT based programmes (digital content, hardware, interactive networks and geospatial technology); Education Games; E-government; Publications and Academic Intellectual Property. We offer assistance with connecting to potential strategic partners, product development, identifying potential export opportunities and coordinating sector activity. Ultimately our goal is to achieve significant international sales of locally developed and delivered knowledge products.

## GEOSPATIAL TECHNOLOGY

Grow Wellington supported the establishment of a Geospatial Research Centre (GRC) branch in Wellington. The branch is based at Victoria University. The GRC forms a vital component in supporting the Geospatial industry in the region to develop world leading products.

Grow Wellington initiated discussion among geospatial industry, government and research organisations which has resulted in the call for the development of an action plan to establish a development and application centre for geospatial technology. Final feasibility research is due to be completed at the end of February 2009.

Grow Wellington supported a visit from the Survey and Lands delegation from Sarawak, Malaysia. The delegation is looking at obtaining expertise and products for the development of its own land administration system.

## ICT BASED EDUCATION PRODUCTS

Grow Wellington has connected two education multimedia companies, South Pacific Press and CWA New Media, with opportunities in Singapore and India. Their focus is on partnerships that can build capacity that allow companies to bid competitively for offshore projects, as well as providing greater access to export markets. Discussions are ongoing.

Grow Wellington supported three companies from the knowledge products sector in their product development process, with a view to creating export ready products.

Grow Wellington is pursuing several opportunities in Singapore and India. The focus in Singapore is on hospitality and tourism training. Three organisations in Singapore present potential export opportunities for education institutions based in Wellington.

The Singapore opportunity is a valid test case for the region, successful products can then be rolled out through Asia, specifically India.

## EDUCATION WELLINGTON

Grow Wellington, through its programme Education Wellington, works with local education providers to promote the region as a destination for international students. Wellington has considerable capability in education, with world class tertiary institutions and schools focused on the common goal of excellence in education. International Students are an important part of our story. Not only do they contribute significantly in terms of export earnings, they also play a vital role in knowledge creation and transfer. They bring with them a global perspective, helping to build an internationally competitive Wellington.

Close consultation with key industry players has allowed us to develop a clear strategy with a focus on engaging proactively with agents in target markets. Vietnam and Europe have been identified as primary markets, with China, South Korea and South America identified as secondary target markets.

The Education Wellington promotional film was completed in early October. This three minute clip was developed for use in a variety of situations including online, on DVDs and at trade fairs and expos. In its first two months on YouTube the film has had just under 2,000 views with numbers continuing to climb. The film sits permanently on the Grow Wellington and Education Wellington websites and has been embedded on institution sites from the Wellington region. It is also being spread virally through a number of personal blog sites.

A full suite of new brand Education Wellington collateral has been produced. The package includes DVD's, brochures, posters and a directory of international education providers in the Wellington region. The collateral has been tested in several markets and has been well received.

Agent training seminars were held in Cologne and Hamburg in late October. These half day seminars were run jointly with NZTE and provided agents with information on key selling points of the Wellington region and details on the diverse range of study opportunities in the area. Feedback from agents was uniformly positive and highlighted the value of these seminars.

Following the seminars, Education Wellington took an exhibitors booth at the ICEF agent workshop in Berlin. The workshop welcomed 1,621 participants from 86 countries and 6 continents. As a result of the workshop, meaningful relationships have been established with a number of high value agents and future collaborative opportunities are now being investigated.

Membership to Education Wellington International has increased in the first six months of the year, with four new private training establishments coming onboard.

## PRIMARY

Grow Wellington's main project is working with the Wairarapa Regional Irrigation Trust to develop a water harvesting and storage project. This will allow irrigated water to be available for productive land uses during the dry times of year. We are also working on initiatives to maximise the economic value of the forestry resource in the Southern North Island to the Wellington region. Links are also being strengthened between the region's primary food producers and the region's processing and consumptive sectors.

In conjunction with the Wairarapa Regional Irrigation Trust and Meridian Energy, we have been engaged in a review of the original scheme layout, an update of the capital costs and a high level analysis of consent issues.

A report, produced by BECA Consulting, was released just prior to Christmas and confirmed the original layout/structure as being logical and technically feasible. No significant resource consent issues have been identified. Unsurprisingly, the capital costs have increased and the work now is to focus on water affordability and cost of capital issues.

Grow Wellington has worked with MAF on their release of the wood flow forecasts for the Southern North Island region through to 2040. These show a significant increase in wood volumes available from 2016 onwards. This presents an opportunity for the region to maximize the value of this wood by adding value, and needs to be capitalised on.

Work will continue to establish the most appropriate business needs to maximise value for the region, from a business and Centreport perspective.

## MANUFACTURING

Grow Wellington works with the region's manufacturing sector to identify common issues and develop collective solutions. The first example of this will be a scheme to facilitate graduates into management positions in manufacturing to boost capability and take advantage of market opportunities that exist. This will start in early 2009.

The ongoing process of connecting with the region's manufacturers has allowed an average of 40 commercial introductions to be made to the various Business Development programmes of Grow Wellington and other relevant support.

The major project has been the development of a programme to facilitate graduates into management roles within the manufacturing sector. The concept has been refined into a workable programme in consultation with industry, and support is now being sought from Central Government (MSD, FRST) with agreement in principle being received.

## FOOD AND BEVERAGE

Wellington is firmly established as the cuisine capital of New Zealand. Our Food and Beverage sector consistently punches above its weight with businesses winning national awards year after year for innovation and quality. Grow Wellington's role is to support industry projects and encourage collaboration to ensure the region's wine and food is renowned on the international stage for world class excellence.

### **The Wellington Food Story Project**

The Wellington Food Story Activity Plan is now finalised and initiatives associated with this project are being implemented. Initiatives associated with this project include; the national and international promotion of the Wellington Food Story, the scoping of a Wellington Cuisine Festival - similar to the Melbourne Wine and Food Festival, the supporting of a quality fresh food market in the Wellington CBD, and the development of a 'Dine Wellington' brand, supporting programme and website. As a lot of these activities have synergies with Positively Wellington Tourism, Grow Wellington will be working in partnership with PWT, and Destination Wairarapa under the MRI going forward.

A special highlight was the filming of Mercurio's' Menu's first New Zealand episode. Paul Mercurio – from Dancing with the Stars fame, hosts Mercurio's Menu, a cooking show in Australia. Mercurio's Menu has over one million viewers in Australia alone and Paul and his team came to New Zealand at the request of Grow Wellington to profile the Wellington and Wairarapa region. The businesses and organisations involved in the production of this episode were as follows; Zest Food Tours, Logan Brown, Mojo Coffee, Schoc Chocolate, Moore Wilsons Fresh, Yellow Brick Road, Harringtons Smallgoods, Splashzone, Lot 8 Olive Oil, Tirohana Estate, Wharekauhau Texel Lamb, Wharekauhau Country Estate, Palliser Estate, Escarpment Vineyard, Salute Restaurant, Ata Rangi Vineyard, Ruth Pretty Catering, Destination Wairarapa, Peppers Martinborough Hotel, The Quality Inn – Wellington, Positively Wellington Tourism, Toast Martinborough, Tourism New Zealand.

The Mercurio's Menu Wellington/Wairarapa episode will be screened in Australia in 2009, and then in New Zealand on either Prime or the Food Channel.

### **Cuisine and Fine Wine Major Regional Initiative**

UCOL continues to work on the establishment of an International School of Cuisine in New Zealand in conjunction with Le Cordon Bleu.

Roger Griffiths from Le Cordon Bleu visited Wellington to discuss a way forward for a LCB International School of Cuisine in the region. As Grow Wellington remains committed to establishing a Le Cordon Bleu International School of Cuisine here, Grow Wellington met with Roger during his visit.

This project has been significantly delayed from the original plan which emphasises that some activities will have challenges. In this case the delay must be seen as a setback only and the future benefits are still valid hence ongoing activity is fully justified.

Further progress has been made by the Wairarapa Wines Promotional Group as a regional marketing body. Even though MRI funding will cease as of 30 June 2009, WWPG with the support of Grow Wellington will continue to put energies into areas that reap the greatest returns for the Wairarapa region as a whole, and will continue to make refinements as necessary to their project plan in order to achieve this.

## SUPPORTING INFRASTRUCTURE

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The Wellington region needs infrastructure improvements to achieve export growth and world changing businesses.

Grow Wellington is an advocate for the region to improve our:

- Broadband Use and Supply
- Internationalisation of the region
- Our status as a Carbon Neutral Region

## INTERNATIONAL CONNECTIVITY

Grow Wellington is working with CentrePort to assist the development of the CentreHub concept. In the current economic environment there is a risk that imports will significantly reduce, hence the need to maintain imports through utilising Wellington's geographic position.

The international connection work being carried out by Wellington Airport and Positively Wellington Tourism continues. Grow Wellington is still engaged and will provide direct support as appropriate.

## CARBON NEUTRAL

The Carbon Neutral project to determine the region's current footprint has been reviewed and is now complete. The information is available for all stakeholders to use. Initial projects identified have been stalled as they will not have a regional impact. There are now two new projects that are under development for trial in the region, it is expected the first one will be piloted in partnership with Kapiti District Council in Q2 2009.

## BROADBAND USE AND SUPPLY

Grow Wellington is working on two demand stimulating projects to help business better understand the role of Broadband in raising productivity and supporting international connectedness. This work will continue despite uncertainty still surrounding the new Government's plans for broadband and how any infrastructure needed will be funded. We are an active member of the regions highly co-ordinated broadband operating group.

## BUSINESS GROWTH

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The Individual Business Growth area of Grow Wellington is made up of a suite of programmes and a one on one advisory service to work with businesses at all stages of their growth cycle.

Activate works with early stage businesses. As the only regional pre incubation programme, Grow Wellington works intensely over 16 weeks to guide entrepreneurs through all aspects of starting a business.

Activate ran three successful regional programmes for 23 participants during the second half of 2008.

The three programmes were supported by partnership with the Hutt Chamber of Commerce, the Hutt City Council, Pacific Business Trust and the Porirua City Council.

Of the nineteen that graduated, six applied for entry into Creative HQ, of which two have been accepted to date. A further nine are continuing with their businesses (many with the help of the wider Grow Wellington team).

A key component of Activate is the mentoring service, the majority of which is provided by the business growth team. During the six months to December the team spent approximately 500 hours involved in mentoring activities.

## CREATIVE HQ

Creative HQ is one of eight nationally recognised and funded incubators and the premier incubator for the Wellington region. This 12-24 month incubation programme helps start-up and early stage businesses that have high growth potential. They provide infrastructure support, mentoring, access to specialist professional services, contacts and networks and fundraising support. Creative HQ incubates high growth potential businesses to help them transform into world changing businesses.

Creative HQ has made significant progress in the first six months of the year. A key objective for this period was to review and put in place industry best practice before starting to scale activities to support a greater number of high growth businesses.

To this end we have adopted a new business model where Creative HQ will take a small equity stake in each business within the incubator in exchange for services delivered. This practice is common within all New Zealand incubators as well as overseas, and aligns the interests and motivations of Creative HQ with our clients. It will also help the incubator become more sustainable over time by



receiving appropriate return from our effort invested in our clients.

Creative HQ has 13 companies currently in incubation, with a further three companies in the advanced stages of our selection process. The businesses span wine selection software, FMCG, ICT, visualization technology, digital screen technology, software as a service, Web 2.0, online equestrian services, apparel, HR/recruitment and publishing.

The Activate pre-incubation programme has been a major contributor towards sourcing high growth businesses. We have also established a partnership with VicLink to incubate spin off commercial ventures. This has resulted in a pilot of one company with other IP driven, high growth opportunities on the horizon.

Creative HQ now offers virtual incubation for businesses who do not wish to or it is not appropriate for them to reside in-house. Seven of our businesses are virtual.

Our alumni companies continue to succeed post incubation with casting website Starnow.com continuing to dominate the UK market, Optimal Usability has established offices in Auckland and Sydney and Silverstripe thriving in the US market having received recognition in the US as the CMS technology behind the pre-election conference for the Democratic National Convention.

Creative HQ is active in supporting our companies to gain investment and develop domestic and international markets.

## ACCELERATE

Accelerate is a flexible support service for businesses in the Wellington region who are exporting, want to export or have export potential. We help to identify these businesses, assess their needs, and support them toward increased export earnings and total business growth. Accelerate provides advisory and light touch consultancy services, as well as commercial connections.

Commercial connections are with both private sector and public sector organisations including the Foundation for Research, Science and Technology. From concept to planning, through to investment and succession - Accelerate is a one-on-one support service for individual businesses, focused on helping them to grow.

In the first six months of this year the team has connected with well over 200 businesses and has actively targeted support to more than 70 of these. We have found that these businesses have been very engaged in the relationship, receptive to our support and increasingly placing high value on the services we provide.

Key support we provide includes inspiring these businesses around their specific export opportunities, supporting access to both private and public funding, connecting them to targeted networks of specialist service providers and facilitating relationships with wider support agencies.

Examples of the innovative and inspirational export companies we are working with include Taylor Preston, Core Technologies, Story Inc, Aquamax-Devco, 3DCGI, Mojo Coffee, Wishbone Design, Watson & Son, and Alpha Aqua.

## INNOVATE

A contract has been agreed with Foundation for Research Science and Technology to implement the Tech NZ programme in the region. We will enhance this contract to supply advice and support for businesses to maximize the value of their IP. We have employed an IP value specialist which will result in a significant increase in our level of business support. The role was in place late 2008 hence the benefits will be seen in 2009.

## COMMUNICATIONS AND MARKETING

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The last six months have seen the development and implementation of the Grow Wellington Communications and Marketing Plan.

This includes the production of a suite of corporate communications collateral, phase one of the revamped website, the production of the Education Wellington video, collateral for each of the business units and closer ties with the media across the region.

Grow Wellington gained an increased awareness with 55 specific Grow Wellington media articles from to June to Dec.

36 Grow Wellington client e-newsletters were distributed to our 1082 strong database.

The Regional Outlook and Annual Report were produced and distributed to our 1540 stakeholder database.

## TELLING THE WELLINGTON STORY

The business community has emphasised that export oriented businesses require help to “sell” Wellington as well as selling their specific offering. While Wellington has a clear message for visitors and tourist the business message is not clearly defined.

For this reason a story is being developed that will be consistent with business needs and also reflect the differences within the region.

In December we met with mayors and councillors on the WRS committee to get their views on the overall Wellington Story.

In January and February, we talked with a representative selection of successful business owners, leaders and entrepreneurs who have chosen to live and work in this region. They included Rod Drury, Jeff Kennedy, Laurie Foon, Phil Poole, Mark Pennington and Paul Ridley Smith from Infratil.

The purpose was:

- to discover the value of Wellington to their business,
- to seek their opinions on what makes the region distinct for doing business
- to ask whether they would use a Wellington 'credential' / value proposition / overall story.

The results consistently showed there are clear themes that make Wellington stand out and stand proud. There is much enthusiasm and support to see the benefits of this region leveraged into a viable marketing proposition to attract investment here.

We are now working on crafting the essence of this feedback into a core story which can then be applied to support businesses.

## STATEMENT OF INTENT

	Output/Activity 2008/09	Measures 2008/09	Status as at 31.12.08
<b>Centres of Excellence</b>	<p>Assessments completed on each of Digital, Biomedical, Sustainable Energy and Natural Hazards Centres of Excellence.</p> <p>Business plans completed for first Centre of Excellence and public/private funding secured. Establish a pilot Centre of Excellence.</p> <p>Commence investment cases on two further Centres of Excellence.</p> <p>Gain commitment from targets to engage with Centres of Excellence.</p>	<p>RSF applications lodged with NZTE</p> <p>Business plans published and accepted by governance body for CoE &amp; funders</p> <p>Governance body for first CoE established. Governance body sign off of investment cases.</p> <p>10 of the identified industries' significant players give written support for each Centre of Excellence.</p> <p>6 projects pertaining to the Centre of Excellence programme are under way.</p> <p>Centre of Excellence stakeholder survey shows these participants believe the programme is important to their future revenue generation.</p>	<p>Assessments complete on Digital and Natural Hazards. Biotechnology and Clean Energy underway.</p> <p>Investment cases for Biomedical &amp; Screen &amp; Digital CoEs being drafted with support of NZTE RSF (\$375k).</p> <p>Investment cases for Biomedical &amp; Screen &amp; Digital CoEs being drafted with support of NZTE RSF (\$375k).</p> <p>7 letters of support for the CoE programme from key stakeholders in respective sectors received and attached to the RSF bid.</p> <p>Screen Innovation – 5 projects underway</p> <p>Biotech – 2 projects underway</p> <p>Clean Energy – 3 projects underway</p>
<b>Film</b>	<p>Global marketing plan for Wellington Region complete.</p> <p>Film and location permits issued.</p>	<p>480 enquiries fielded for film facilitation.</p> <p>Financial year end client sector survey shows 75% satisfaction.</p>	<p>Ongoing</p> <p>102 film permits at 222 locations issued</p> <p>389 enquiries fielded.</p>

	Output/Activity 2008/09	Measures 2008/09	Status as at 31.12.08
Food & Beverage	Food Wellington marketing story developed.  Major Regional Initiative delivered.	10 partners committed to Food Wellington story development.  100% of MRI milestones delivered.	Draft Food Wellington marketing story prepared.  10 Partners committed to Food Story.  1 <sup>st</sup> quarter report completed & submitted to NZTE
Primary	Delivery of initiatives to grow support and knowledge of relevance of irrigation project to the region's rural industry.	3 initiatives delivered to explore irrigation economic spin offs.  In client sector <u>survey</u> participants give 70% rating of support for initiatives.	Technical Review report received with updated capital costs identified.
Manufacturing	Manufacturing projects developed for companies to team together on.	4 projects scoped for manufacturers.  20 commercial introductions made with 70% satisfaction from our client <u>survey</u> agreeing these introductions led to commercial results.	Formal application for MSD funding of Manufacturing Graduate Programme submitted. FRST also contacted to support programme.
Education - Students	International student attraction marketing plan developed.	2,500 website visitor sessions to EWI website.  75% of EWI members in client <u>survey</u> satisfied with delivery against identified needs.	993 website visitors
Education - Products	Commercialisation and market development plan in place and initiated.	6 education businesses involved in product development programme and giving 70% satisfaction rating in client <u>survey</u> .	3 education businesses involved in product development programme.
Business Development	Cultivate and grow the regional "toolkit" network.  Identification of key exporters completed.  Identification of the Region's "top 100 exporters" and where Grow Wellington can add value.	Toolkit scoped, Phase II plan prepared and implementation plan in place.  100 companies identified for market development assistance.  Grow Wellington clients give 75% satisfaction rating in <u>survey</u> .	A Telecom/Grow Wellington initiative to set up a web-based virtual community for SMEs (BizChat) has been launched.  Completed.
Incubation	Study on the best practice for regional business incubation completed.  Identify Creative HQ residents.	200 companies met with a 30% conversion rate into a Grow Wellington programme.  30 companies on Activate programme with 3 becoming CHQ residents.	Review completed and appropriate processes implemented.  103 companies met.  3 Activate programmes completed in Porirua, Wellington, Lower Hutt with 28 Activists enrolled. 5 Activists shortlisted to enter incubation programme. 2 accepted.

	Output/Activity 2008/09	Measures 2008/09	Status as at 31.12.08
<b>Skills</b>	<p>Grow Wellington is engaged with WRLMS.</p> <p>Stocktake of employer resources for skills sourcing complete.</p>	<p>30 employers and recruiters accessing the data base.</p> <p>60% satisfaction rating from employer clients in survey response to question about meeting their skills needs.</p>	<p>Ongoing.</p> <p>Completed. Averaging 20 employers and recruiters per month.</p>
<b>Investment</b>	<p>Angel HQ club established.</p> <p>Secure Seed Co-Investment Fund accreditation for Angel HQ.</p> <p>Data base of capital contacts developed.</p>	<p>40 AngelHQ members presented with 8 deals with 2 deals closed.</p> <p>20 commercial introductions made with clients reporting 75% satisfaction in annual survey.</p>	<p>25 members: 14 deals presented (3 done, 2 underway)</p> <p>Application for SCIF accreditation submitted to NZVIF and passed first stage.</p>
<b>Broadband</b>	<p>Sector based provision of broadband objectives and strategy agreed with sector managers and other stakeholders.</p> <p>Implementation of priority projects as agreed with SORT.</p> <p>Implementation of priority projects as agreed with SORT.</p>	<p>Measures for this work will be determined when there is more clarity about Grow Wellington's role.</p>	<p>Grow Wellington playing an active role in the region's broadband investment fund application for central government funding.</p> <p>Grow Wellington has representation in this group.</p>
<b>International Gateway</b>	<p>Engage with partners (with no resource duplication) to define "raising the value of the Region's international gateways".</p> <p>Definition of "raising the value of our international gateways" is agreed and clarified with Centreport, Wellington International Airport Limited, Positively Wellington Tourism and other business support agencies.</p>	<p>A set of measures will be devised when there is greater clarity about Grow Wellington's role in this work.</p>	
<b>Carbon Neutral Region</b>	<p>Undertake feasibility study on benefits and costs to regional businesses of a carbon neutral region and what is required to become carbon neutral.</p>	<p>5 partners involved in a carbon neutral programme.</p>	<p>Subsumed into COE Programme.</p>
<b>Good Employer</b>	<p>To be a good employer we will:</p> <ul style="list-style-type: none"> <li>- have in place the right structure to deliver our objectives;</li> <li>- ensure our staff have appropriate skills to deliver on objectives</li> <li>- That we are an EEO employer</li> </ul>	<p>90% staff retention.</p> <p>[Staff engagement measures are being developed to ensure Grow Wellington is a fun place to work with committed and productive staff].</p>	
<b>Social &amp; Environmental Responsibility</b>	<p>Explore membership of the Sustainable Business Network.</p>		

	Output/Activity 2008/09	Measures 2008/09	Status as at 31.12.08
<b>Sound Business Practice</b>	<p>Grow Wellington will operate in accordance with sound business practice by:</p> <ul style="list-style-type: none"> <li>- developing a culture of continuous learning &amp; improvement by supporting staff in their attendance at relevant training and conferences; and</li> <li>- monitoring and respond to the business community's views on Grow Wellington services.</li> </ul>	<p>Unqualified audit.</p> <p>0 complaints upheld by external arbiter.</p>	
<b>Communication</b>	<p>Marketing and communications plan produced.</p> <p>Co-ordination of the "Telling the Region's story internationally".</p>	<p>6 partners involved in international story compilation.</p> <p>Compilation of 100 business case studies of Grow Wellington impact.</p> <p>80% placement rate per media release on targeted publications.</p>	<p>18 businesses have been consulted.</p> <p>Staff changes and on review a suite of collateral produced with 40 case studies to date.</p> <p>Achieved.</p>
<b>Knowing our Region</b>	<p>Stock take and database complete on all regional sources of information on our economy.</p>	<p>75% satisfaction rating from clients requesting information on the regional economy.</p>	<p>Work in progress.</p>

**Grow Wellington Limited Ltd**  
**Statement of Financial Performance**

Year to date figures for the period ending 31 December 2008

	<b>Current Period \$</b>	<b>Same Period Prior Year \$</b>
<b>INCOME</b>		
GWRC Contribution	2,145,181	1,683,333
Grant Income	261,984	287,111
Sponsorship	8,500	53,000
Other Income	298,152	124,221
Interest income	2,844	6,728
<b>Total Operating Revenue</b>	<b><u>2,716,661</u></b>	<b><u>2,154,393</u></b>
<b>LESS COSTS OF SERVICES</b>		
Personnel	1,386,842	1,180,595
Direct Costs ( Projects )	959,668	487,314
Overheads	347,208	322,111
<b>Total Expenditure before Depreciation</b>	<b><u>2,693,718</u></b>	<b><u>1,990,020</u></b>
Depreciation & Amortisation Expense	22,943	22,978
<b>Total Expenses</b>	<b><u>2,716,661</u></b>	<b><u>2,012,998</u></b>
<b>Net Surplus (Deficit)</b>	<b><u>0</u></b>	<b><u>141,395</u></b>



**Grow Wellington Limited**  
**Statement of Financial Position**

**For The Period Ending 31 December 2008**

	<b>Current Period</b>	<b>Same Period Prior Year</b>
<b>ASSETS</b>		
Cash and bank balances	212,009	436,094
Total Accounts Receivable	121,260	112,054
GST Paid to Suppliers	53,114	
Prepayments	356	3,010
Fixed Assets (Net of Accumulated Depreciation and Amortisation)	160,553	105,363
<b>Total Assets</b>	<b>547,292</b>	<b>653,511</b>
<b>LIABILITIES</b>		
Payables		
Trade Creditors	130,251	46,912
Sundry Creditors	45,263	(651)
GST Collected from Customers	113,810	0
GST IRD Transactions	0	42,966
PAYE / Withholding	66,316	53,410
FBT Payable	0	0
Income Tax Payable	0	0
Total Payables and Accruals	355,640	142,637
GWRC Contribution Advance	99,810	0
Income in Advance	(45,299)	340,833
Bonds Creative HQ	6,311	6,311
Holiday Pay Liability	55,170	25,346
<b>Total Liabilities</b>	<b>471,632</b>	<b>515,126.47</b>
<b>EQUITY</b>		
Capital	0	0
Accumulated funds and retained earnings	75,660	0
Profit (Loss) For the Period	0	141,395
<b>Total Equity</b>	<b>75,660</b>	<b>141,395</b>
<b>Liability and Equity</b>	<b>547,292</b>	<b>656,521</b>

**Grow Wellington Limited**  
**Statement of Cashflows**  
**For the period ended 31 December 2008**

<b>Cashflows from Operating Activities</b>	<b>31/12/2008</b>	<b>31/12/2007</b>
Cash Provided From		
Receipts from GWRC	2,342,928	1,683,333
Receipts from Grants	278,605	583,704
Receipts from Other Income	298,152	56,407
Receipts from Sponsorship	8,500	53,000
Interest Received	2,844	6,727
	<u>2,931,029</u>	<u>2,383,171</u>
Cash was Applied to		
Payments to Suppliers/Employees	2,985,655	1,818,736
GST Paid	( 55,885)	0
Taxation	0	0
Interest Paid	0	0
	<u>2,929,770</u>	<u>1,818,736</u>
 Net Cash inflows from Operating Activities	 1,259	 564,435
 <b>Cashflows from Investing Activities</b>		
Cash was provided from		
Sale of Fixed Assets	0	0
	<u>0</u>	<u>0</u>
 Cash was Applied to		
Purchase of Fixed Assets	29,168	128,341
	<u>29,168</u>	<u>128,341</u>
 Net Cash inflows from Investing Activities	 (29,168)	 (128,341)
 <b>Cashflows from Financing Activities</b>		
Cash was provided from		
	0	0
	<u>0</u>	<u>0</u>
Cash Was Applied to		
	0	0
	<u>0</u>	<u>0</u>
 Net Cash outflows from Financing Activities	 0	 0
 Net Increase in Cash Held	 (27,909)	 436,094
 Opening Balance Brought Forward	 111,101	 0
Ending Cash Carried Forward	<u>83,192</u>	<u>436,094</u>
 Represented by:		
Cash & Bank Balances	212,009	436,094
	<u>212,009</u>	<u>436,094</u>

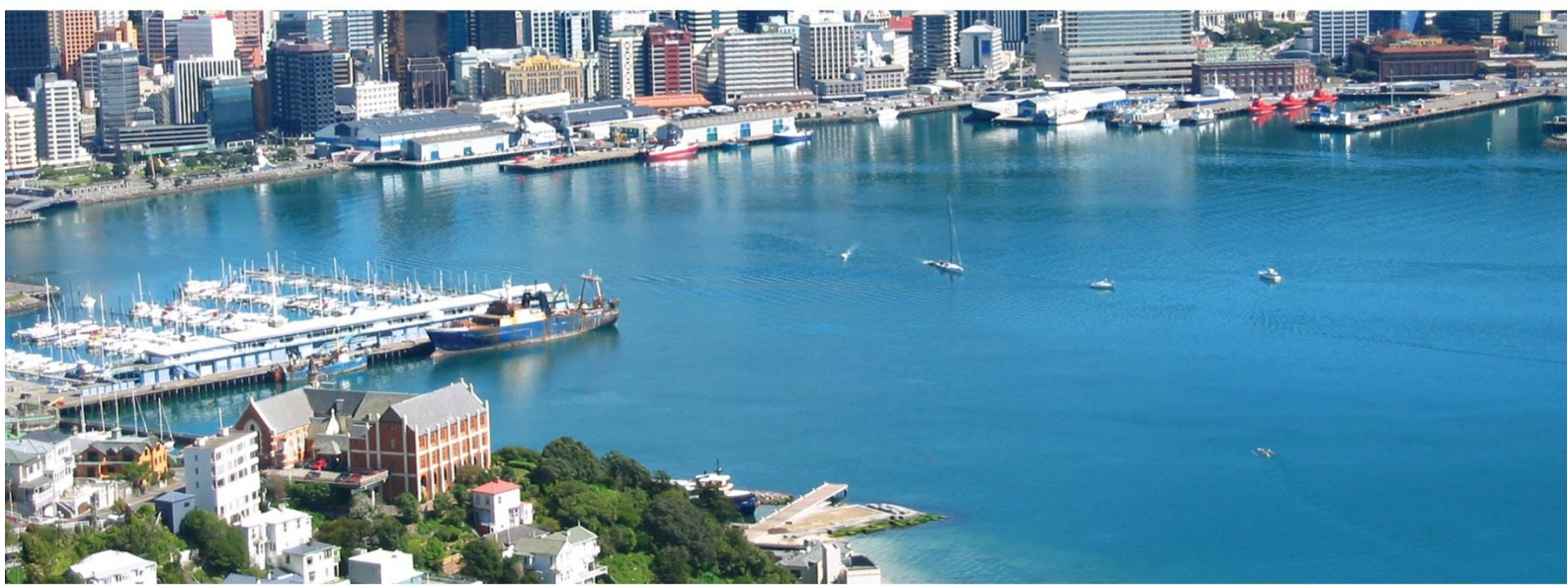
**Grow Wellington Limited**  
**Statement of Cashflows**  
**For the period ended 31 December 2008**

<b>Reconciliation to Operating Profit</b>	<b>31/12/2008</b>	<b>31/12/2007</b>
<u>NET SURPLUS</u>	0	141,394
Add (Less) Non Cash items:		
Depreciation and Loss on Disposal	22,493	22,978
Amortisation	0	0
	<hr/> 22,493	<hr/> 22,978
Add (Less) movements in Working Capital items		
(Increase) Decrease Accounts Receivable	(4,002)	(112,054)
(Increase) Decrease Prepaid Expenses	45,861	-3,010
Increase (Decrease) in Sundry Creditors	(315,265)	125,017
(Increase) Decrease in Taxation Payable	0	0
Increase (Decrease) in Income in Advance	316,331	340,833
Increase (Decrease) in Creative HQ Bonds	(889)	6,311
Increase (Decrease) in GST Payable	55,884	42,965
	<hr/> 97,920	<hr/> 400,062
Net Cash Inflow from Operating Activities	<hr/> <hr/> 120,413	<hr/> <hr/> 564,434

## Grow Wellington Limited

### Income and Expenditure by Activity for the Six months to December 2008

<b>Income</b>	<b>Actual</b>	<b>Budget</b>
GWRC rates	2,149,777	2,125,000
Other	<u>566,884</u>	<u>271,666</u>
	<b>2,716,661</b>	<b>2,665,416</b>
 <b>Expenditure</b>		
Developing Centres of Excellence	544,567	417,236
Supporting Priority Sectors	1,023,815	975,939
Grow and Retain Existing Businesses	1,053,379	1,094,254
Grow Broadband	37,960	62,419
Raising the Value of our International Gateways	18,980	18,709
Carbon Neutral Region	<u>37,960</u>	<u>102,419</u>
	<b><u>2,716,661</u></b>	<b><u>2,670,975</u></b>



**GrowWellington**  
Working for business success