

# Positively Wellington Business

Business Plan 2006 - 2007

**POSITIVELY**  
**Wellington**  
**BUSINESS**

Growing business  
Growing jobs  
Growing prosperity

**PARTNERS IN THE WELLINGTON REGION**



# DRAFT BUSINESS PLAN 2006/07

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## 1.0 About this Business Plan

The Positively Wellington Business (PWB) Business Plan outlines the organisation's activities for 1 July 2006 to 30 June 2007.

- It is derived from PWB's Statement of Intent and three-year Strategic Plan.
- We will seek to achieve our goals through our partnerships with the business community, local government, central government and the wider community.
- It encompasses the economic development work of our stakeholding councils Hutt City, Kapiti Coast District, Porirua City, Upper Hutt City and Wellington City Councils.
- The councils of the Wellington region and PWB are collectively working on the development of the Wellington Regional Strategy, which is a 20-year sustainable growth strategy with a 50-year time horizon that seeks to build an internationally competitive environment. Its primary focus is sustainable economic development and sustainable management of physical growth. It takes a holistic approach to achieving growth.

PWB's 2005 – 2008 Strategic Plan and 2006 – 2007 Business Plan will form an integral part of the evolving work of the Wellington Regional Strategy being undertaken by PWB and the councils.

PWB will respond to the recommendations of the Wellington Regional Strategy. The WRS is due to be ratified by the Region's Mayors in late September 2006.

## 2.0 Background

Positively Wellington Business (PWB) is the economic development agency for the Wellington region. We have been charged to grow the regional economy by increasing jobs and wealth/GDP.

PWB has a vision for the Wellington Region:

*"That the Wellington Region will be the best place to do business in New Zealand."*

The overarching goal for the region that is being developed through the Wellington Regional Strategy is<sup>1</sup>:

*"To increase economic growth and prosperity measured by GDP per capita, while maintaining our identity, quality of life and quality of the environment."*

PWB's mission, which is how we will contribute to achieving this goal and our vision, is to:

*"Grow businesses, via early identification and facilitation of high-growth companies in the Wellington Region "*

Business drives the economic development of the Wellington region. The role of PWB will be to serve businesses through growing business, growing prosperity and growing jobs.

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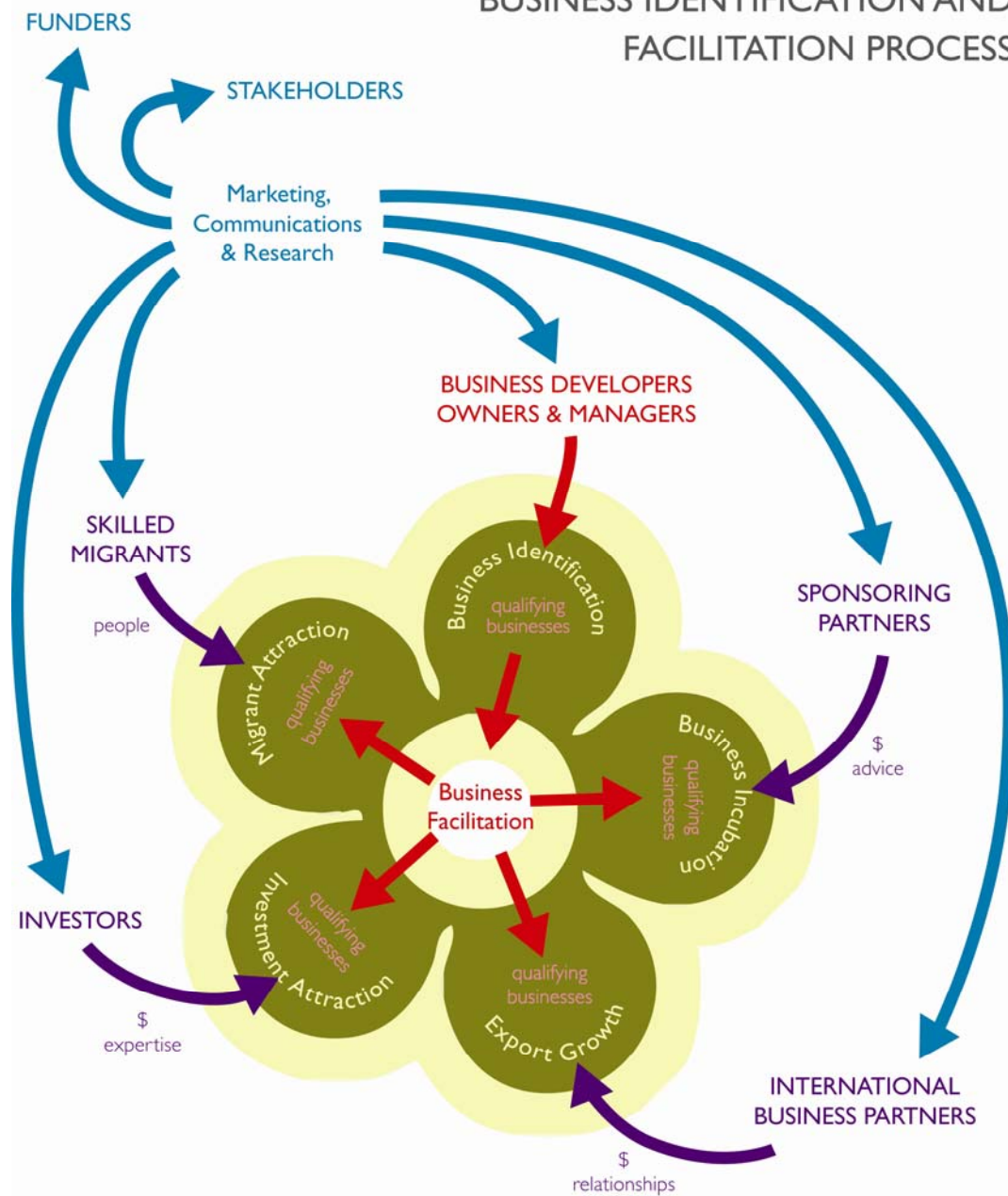
<sup>1</sup> Work is now well advanced on the Wellington Regional Strategy. Following launch of the "Growth Framework" in August 2005, the WRS is scheduled for completion and political-level endorsement by the end of September 2006.

Essentially PWB carries out four types of core economic development activities: we substantially facilitate creating new businesses; growing existing businesses; attracting new businesses; and retaining existing businesses. Although PWB plays a full part in cooperation with Councils to help retain Wellington corporates in the region, we are principally focused on small and medium sized enterprises.

We work with all sorts of businesses - helping them to compete in the local economy and succeed in the global marketplace.

A new role for PWB will be to assist in the coordination of policy approaches of the region's Territorial Local Authorities to enhance the business environment of the region in removing barriers and maximising collaboration.

## POSITIVELY WELLINGTON BUSINESS BUSINESS IDENTIFICATION AND FACILITATION PROCESS



**BUSINESS DEVELOPERS  
OWNERS AND MANAGERS**

are identified as qualifying high-growth businesses and directed to the appropriate business facilitation programme(s)

**SPONSORING PARTNERS**

provide financial support and advice to emerging high-growth businesses

**INTERNATIONAL  
BUSINESS PARTNERS**

enter into export customer or global partner relationships and buy or facilitate the purchase of goods and services from high-growth businesses

**INVESTORS**

invest in high-growth businesses and bring industry or market expertise

**SKILLED MIGRANTS**

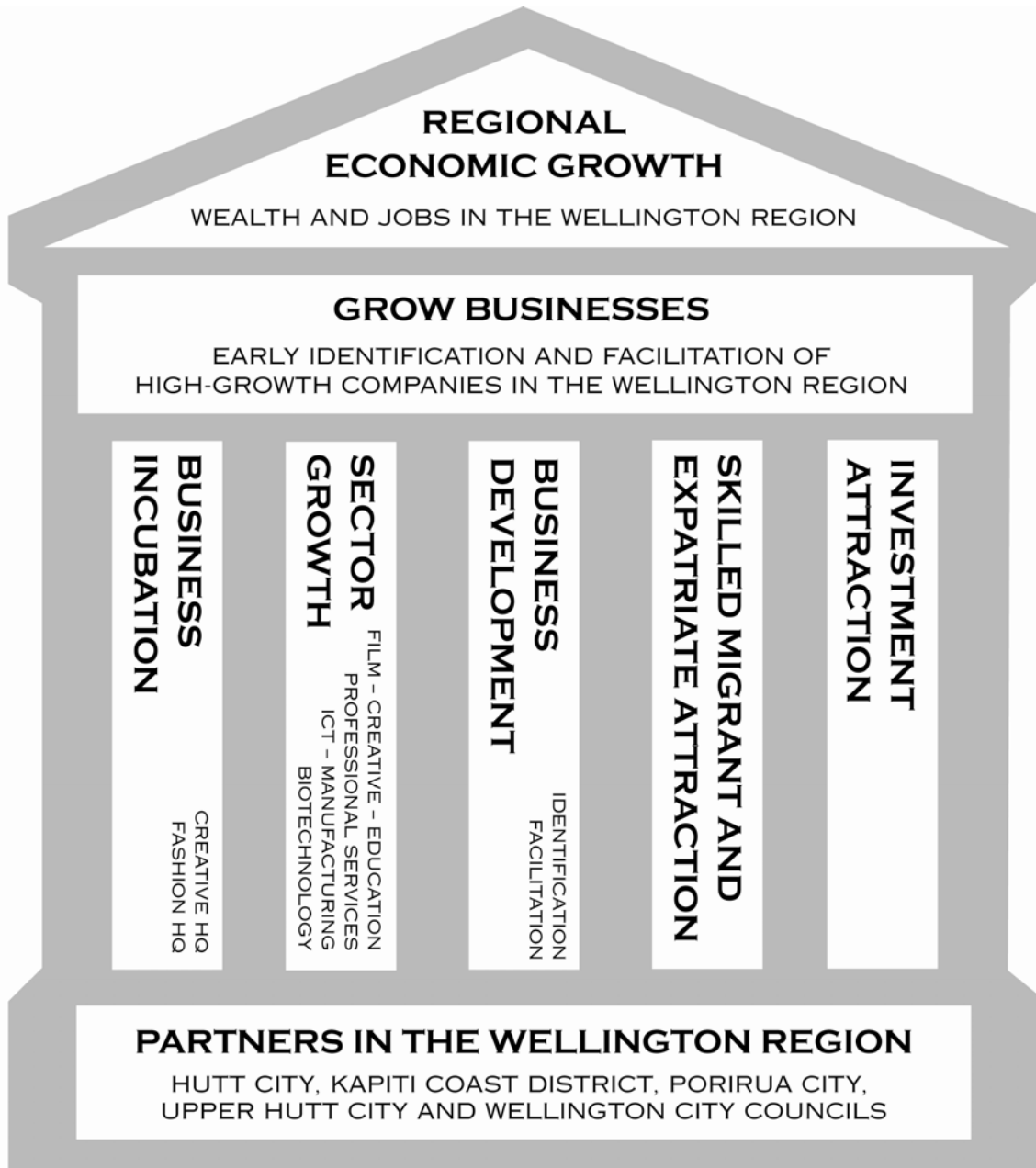
meet skill shortages and assist high-growth businesses to meet resource targets

PWB's programmes for 2006/07 are based on the five pillars of success which are outlined in our 2005 - 2008 Strategic Plan.

	PILLAR OF SUCCESS	PROGRAMME
1	<b>Strong businesses</b> growing from export markets	<b>Business Development</b>
2	<b>Supporting high-growth businesses</b> to be the success stories of tomorrow	<b>Business Incubation</b>
3	<b>A regional skills base</b> which meets the needs of businesses and helps them to grow	<b>Targeted Migrant and Expatriate Attraction</b>
4	<b>Strong investment flows</b> into new and existing businesses	<b>Investment Attraction</b>
5	<b>Sectors</b> achieving cumulative growth through collaboration	<b>Sector Growth</b>

PWB is outcomes-oriented. We strive to display the highest standard of integrity and ethical behaviour.

PWB cannot achieve the Wellington Regional Strategy's goals alone. We will do so through partnerships with the business community, local government, local EDAs such as Enterprise Coast, Business Porirua and Go Wairarapa, central government and the wider community. Sometimes other stakeholders will take the lead role and we will support them.







## 3.0 Objectives

By 30 June 2007, PWB will:

		PWB PROGRAMME AREAS				
	Organisational objective	Strategies	Business Incubation	Creative Business & Technology	Sector Initiatives & Investment	Corporate Services
1	<p>Substantially facilitate the development of 15 companies, with potential turnover of &gt;\$5m per annum within a five year period.</p> <p><b>FY2005/06</b>                      <b>FY2006/07</b></p> <p><sup>2</sup>CHQ: 8                                      12</p> <p><sup>3</sup>BDT:    2</p> <p><sup>4</sup>SI&amp;I:    1</p> <hr/> <p>8    15</p>	<ul style="list-style-type: none"> <li>• applied R&amp;D</li> <li>• angel/venture capital investment</li> <li>• business incubation</li> <li>• targeted industry sectors</li> <li>• business collaboration/ X-sector</li> </ul>	<ul style="list-style-type: none"> <li>• Development of 15 companies</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing <ul style="list-style-type: none"> <li>- create deal flow</li> <li>- promoting companies, sponsors</li> <li>- attracting investors</li> </ul> </li> <li>• Sector Growth <ul style="list-style-type: none"> <li>- I18N</li> <li>- collaboration</li> <li>- alignment/leveraging</li> <li>- commercialisation/R&amp;D</li> </ul> </li> <li>• R, S &amp; T <ul style="list-style-type: none"> <li>- linkages with CRIs</li> <li>- infrastructure strategy</li> </ul> </li> <li>• Education &amp; Research <ul style="list-style-type: none"> <li>- linkages with educational institutions</li> <li>- sector/market research</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Business Development <ul style="list-style-type: none"> <li>- Training/needs analysis</li> <li>- Grants facilitation</li> <li>- Planning assistance</li> </ul> </li> <li>• Migrant Attraction <ul style="list-style-type: none"> <li>- Specific company requirements</li> </ul> </li> <li>• Investment Attraction <ul style="list-style-type: none"> <li>- Specific company requirements</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Finances</li> <li>• IT</li> <li>• CRM</li> <li>• HR</li> </ul>
2	<p>Substantially facilitate the growth of 40 companies, with an existing annual turnover of between \$2m to \$10m, and with a growth potential of &gt;50% per annum with 10 companies showing &gt;50% increase in revenue over a 12 month period.</p> <p><b>FY2005/06</b>                      <b>FY2006/07</b></p> <p><sup>5</sup>CBT:    30</p> <p>SI&amp;I:    10</p> <hr/> <p>[N/A]    40/10</p>	<ul style="list-style-type: none"> <li>• internationalisation</li> <li>• commercialisation</li> <li>• agency alignment/leveraging activities</li> </ul>	<ul style="list-style-type: none"> <li>• Creative HQ <ul style="list-style-type: none"> <li>- company handover</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Growth of 5 companies each</li> </ul>	<ul style="list-style-type: none"> <li>• Finances</li> <li>• IT</li> <li>• CRM</li> <li>• HR</li> </ul>	

<sup>2</sup> Creative HQ

<sup>3</sup> Business Development

<sup>4</sup> Sector Initiatives & Investment

<sup>5</sup> Creative Business & Technology

		PWB PROGRAMME AREAS				
	Organisational objective	Strategies	Business Incubation	Creative Business & Technology	Sector Initiatives & Investment	Corporate Services
3	Substantially facilitate the attraction of \$10m commercial investment into the region.  <b>FY2005/06</b> <b>FY2006/07</b> ----- <b>\$18m</b> <b>\$10m</b>	<ul style="list-style-type: none"> <li>regional awareness in target markets offshore</li> <li>investment fairs in target markets offshore</li> <li>agency alignment/leveraging activities</li> <li>targeted industry sectors</li> </ul>	<ul style="list-style-type: none"> <li>Creative HQ <ul style="list-style-type: none"> <li>company candidate identification</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Marketing <ul style="list-style-type: none"> <li>promoting companies</li> <li>attract investors</li> </ul> </li> <li>Sector Growth <ul style="list-style-type: none"> <li>company candidate identification</li> </ul> </li> <li>R, S &amp; T <ul style="list-style-type: none"> <li>infrastructure strategy</li> </ul> </li> <li>Education &amp; Research <ul style="list-style-type: none"> <li>opportunity identification</li> </ul> </li> </ul>	Attraction of \$10m investment	<ul style="list-style-type: none"> <li>Finances</li> <li>IT</li> <li>CRM</li> <li>HR</li> </ul>
4	Significantly contribute to the attraction of 110 skilled migrants and expatriate New Zealanders into the region.  <b>FY2005/06</b> <b>FY2006/07</b> ----- <b>100</b> <b>110</b>	<ul style="list-style-type: none"> <li>targeted industry sectors</li> <li>expos in target markets offshore</li> <li>regional awareness in target markets offshore</li> <li>agency alignment/leveraging activities</li> </ul>	<ul style="list-style-type: none"> <li>Creative HQ <ul style="list-style-type: none"> <li>company candidate identification</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Marketing <ul style="list-style-type: none"> <li>promoting companies</li> <li>attract migrants</li> </ul> </li> <li>Sector Growth <ul style="list-style-type: none"> <li>company candidate identification</li> </ul> </li> <li>R, S &amp; T <ul style="list-style-type: none"> <li>infrastructure strategy</li> </ul> </li> <li>Education &amp; Research <ul style="list-style-type: none"> <li>opportunity identification</li> </ul> </li> </ul>	Attraction of 110 skilled migrants	<ul style="list-style-type: none"> <li>Finances</li> <li>IT</li> <li>CRM</li> <li>HR</li> </ul>
5	Substantially facilitate the generation of \$20m in export earnings by the region.  <b>FY2005/06</b> <b>FY2006/07</b>  <b>Film:</b> <b>10m</b> <b><sup>6</sup>ICT/Creative:</b> <b>3m</b> <b><sup>7</sup>NHNZ/EENZ Clusters:</b> <b>2m</b> <b>Manufacturing:</b> <b>3m</b> <b>Education:</b> <b>2m</b>  ----- <b>[N/A]</b> <b>\$20m</b>	<ul style="list-style-type: none"> <li>targeted industry sectors</li> </ul>	<ul style="list-style-type: none"> <li>Creative HQ <ul style="list-style-type: none"> <li>company candidate identification</li> </ul> </li> </ul>	Generation of \$10m export earnings each		<ul style="list-style-type: none"> <li>Finances</li> <li>IT</li> <li>CRM</li> <li>HR</li> </ul>

<sup>6</sup> Information Communications Technology

<sup>7</sup> Natural Hazards New Zealand/Earthquake & Engineering New Zealand Clusters

## 4.0 PWB Programmes

**Business Development Programme** – PWB’s front line for early identification and facilitation of high-growth companies in the Wellington region. Aiming to provide a ‘one stop shop’ of services for the region’s businesses, we will work directly with businesses offering short courses, client clinics, research and development assistance, help in applying for grants, and general advice and referring them to other PWB or external services when appropriate.

**Business Incubation Programme** - supporting start-up companies with high growth potential. Business incubation is a deliberate economic development initiative to counteract the high rate of failure that is so common among young businesses. PWB has created two incubators - Creative HQ and Fashion HQ. Resident companies receive a comprehensive support package including a subsidised workspace and access to mentoring and professional services. After two years within the incubator, residents are expected to graduate and enter the local business community.

**Migrant and Expatriates Attraction Programme** - working to attract skilled migrants to the region and match them with employers in need. The programme helps to smooth the way for migrants and expatriates settling here by providing information and advice, and works with New Zealand's Immigration Service and employers to streamline the immigration process.

**Investment Attraction Programme** - acting as a connector to helping local companies source investment capital and advising offshore investors of opportunities in the region. We assist businesses to relocate to the region and promote the unique advantages of doing business here.

**Sector/Cluster Programme** - developing the strength of the region’s high-growth, export driven industries through our sector support programme. PWB assists these sectors – recognised as areas where the region can maximise its competitive advantages – through addressing sector wide issues and barriers. Support includes advocacy and promotion of the sector, developing cross-sector partnerships and the facilitation of business clusters and networks.

The organisation-wide core functions of **Strategy, Research, Communications and Marketing** underpin these five programmes.

## 5.0 PWB Programme Performance Reporting

PWB will provide quarterly reporting to stakeholder councils and an annual report. PWB will report on its performance against the outcomes specified under each key programme and function area. Where applicable, external quantitative measures will be used, and the sources of these measures will be identified. Internal quantitative and qualitative measures are collated based on internal tracking processes. A qualitative description of the outcome will be provided for outcomes that do not have an applicable metric.

As noted in the preceding diagram, each of the programmes contributes to overall growth in wealth and jobs in the region. These performance measures have been aggregated to enable PWB to report on the total economic impact of its activities and return on investment. These will be reported using the following measurements.

More detailed information on how economic impact and return on investment is calculated is contained in Appendix One. The comprehensiveness and currency of PWB reporting on some of the measures is contingent on other organisation’s external data collection.

<b>POSITIVELY WELLINGTON BUSINESS</b>				
<b>REGIONAL ECONOMIC IMPACT</b>			<b>DRAFT 2006-07</b>	
<b>AS AT JUNE EACH YEAR</b>			<b>KPI TARGETS</b>	
Since its inception in 2001 PWB has spent		18.15	million.	
This has had a regional economic impact of		392.06	million.	
For every dollar spent, PWB has generated		21.60	dollars.	
	\$NZ Million			
	Target	Actual	Target	Target
	2004/05	2004/05	2005/06	2006/07
Economic Impact (EI) <sup>1</sup>	98.72	93.28	115.89	106.23
PWB Expenditure (PE) <sup>2</sup>	5.26	5.13	5.12	3.92
<b>Return on Investment (= EI/PE)</b>	18.75	18.17	22.65	27.09
	\$NZ Million			
	Target	Actual	Target	Target
	2004/05	2004/05	2005/06	2006/07
<b>Business Development</b>				
Economic Impact (EI) <sup>1</sup>	7.70	7.82	7.70	7.70
PWB Expenditure (PE) <sup>2</sup>	0.66	0.64	0.69	0.53
Return on Investment (= EI/PE)	11.65	12.18	11.20	14.48
<b>Business Incubators</b>				
Economic Impact (EI) <sup>1</sup>	10.10	11.17	10.05	10.05
PWB Expenditure (PE) <sup>2</sup>	0.80	0.83	0.96	1.02
Return on Investment (= EI/PE)	12.55	13.50	10.43	9.88
<b>Sector Growth</b>				
Economic Impact (EI) <sup>1</sup>	38.93	48.98	56.14	57.48
PWB Expenditure (PE) <sup>2</sup>	3.07	2.93	2.74	1.25
Return on Investment (= EI/PE)	12.66	16.72	20.49	46.13
<b>Investment Attraction</b>				
Economic Impact (EI) <sup>1</sup>	36.00	14.70	36.00	20.00
PWB Expenditure (PE) <sup>2</sup>	0.33	0.34	0.31	0.55
Return on Investment (= EI/PE)	109.93	43.85	114.45	36.64
<b>Targeted Migration</b>				
Economic Impact (EI) <sup>1</sup>	6.00	10.60	6.00	11.00
PWB Expenditure (PE) <sup>2</sup>	0.40	0.40	0.41	0.58
Return on Investment (= EI/PE)	15.06	26.56	14.60	18.95

<sup>1</sup> Regional economic impact calculated according to figures and formulae in Appendix 1

<sup>2</sup> Gross PWB annual expenditure

## 6.0 Strategy and Research

PWB needs to be an authoritative source for information and analysis on the Wellington regional economy if we are to be useful to business.

It is essential that PWB and its funding stakeholders communicate effectively. We will continue to delivery timely reports to meet the monitoring requirements of our stakeholders. In doing so, we will report specific problems and barriers faced by businesses that stakeholders need to assist in removing.

Developing our strategy is principally the responsibility of the Chief Executive and Management Team. Specific objectives are to:

- Fully participate in the development of the Wellington Regional Strategy
- Manage the relationships with stakeholders
- Coordinate the non-financial planning cycle for PWB
- Monitor and report on the Trust's activities to the Board and stakeholders

Specific research activities are to:

- Monitor and report on the Wellington regional economy
- Support the sector strategies with statistical data and research

### Wellington Regional Strategy

As already noted, the Wellington Regional Strategy is a project driven by the Greater Wellington Regional Council and the councils of Upper Hutt, Kapiti, Porirua, Hutt City and Wellington. The three Wairarapa Councils (Masterton, Carterton and South Wairarapa) are now also part of this project. Likewise, PWB is intimately involved in the development and elaboration of the Wellington Regional Strategy.

The objective is to develop and ultimately implement a strategy for the sustainable growth of the Wellington region.

The Wellington Regional Strategy has a long-term focus (a 20 year vision with a 50 year time horizon) to achieve stronger levels of economic growth for the region than current forecasts indicate. It is directed at building an internationally competitive region for the benefit of its resident and business community.

The **Wellington Regional Strategy Forum**, which is made up of elected councillors from the participating councils, is governing the development of the strategy. PWB has partner status at the Forum. The eight metropolitan and district councils, Greater Wellington and PWB are managing the process. Participation in the completion and delivery of the Wellington Regional Strategy will be a key focus for PWB over 2006/07 and beyond.

In August 2005 the Wellington Regional Strategy Forum released "A Sustainable Economic Growth Framework for our Region". The intention of the Framework is to set a broad direction for sustainable economic growth and development. It identified four key focus areas: "Effective Leadership and Partnerships"; "Quality Regional Form and Systems"; "Unlocking Economic Potential"; and "Internationalisation". PWB is currently coordinating the formulation of strategic action points in the third and fourth areas, which are exactly the territory our organisation already operates in.

The Wellington Regional Strategy is scheduled to be ratified by the region's Mayors in September 2006. PWB anticipates that it will be called upon to play a leading role in the subsequent ongoing delivery of the Strategy. Consequently a review of our own systems has already been made, with a refocussing of organisational capacity (including personnel changes) to provide a foundation for integrated and functional service delivery. The primary role of PWB will be to unlock economic potential by enhancing collaboration, promoting cohesion and strengthening relationships with the region's business community.

#### *Expected Outcomes*

- A cohesive direction for the Wellington region's economic development from the development and implementation of the Wellington Regional Strategy
- PWB will increase understanding of the performance of the regional economy through statistically-based reports including the Wellington "Regional Outlook"
- Information will continue to be shared amongst PWB and stakeholders through regular updates on contractual related matters and programmes such as Quarterly Reports, Cluster Performance, Annual Reports, Board Papers and Funding deeds
- PWB's planning cycle is successfully conducted and regulatory requirements met

## **7.0 Communications and Marketing**

Communicating the vision, goals and programmes of PWB is critical:

- It tells our clients how we can help them
- It provides regional leadership
- It informs the stakeholders of the return on their investment

Our marketing function supports the objectives of PWB and its five programmes. Marketing PWB raises awareness and support from the public, stakeholders and investors, and creates additional partnerships with the private sector. An important focus for 2006/07 will be creating greater awareness of all PWB's programmes in a cohesive manner, to ensure a fuller understanding of the extent of PWB's activities i.e. Film Wellington, Creative HQ, and Fashion HQ. We also want to raise awareness of the region's attributes and our successful businesses.

Specific objectives of the marketing function are:

- Dissemination of information on the region and its economy
- Celebrating the success stories of Wellington region businesses
- Marketing the region and its competitive and comparative advantages
- Developing strategic marketing partnerships with stakeholders, government and the private sector

Through an effective marketing strategy PWB will promote the region's innovative and world-class businesses, and the overall capability and competitiveness of the region as a business destination.

The types of activities that will be undertaken include:

- **Business Development:** Advertise PWB's business development services; promote and host regional business development evenings; update marketing materials
- **Immigration:** Feature in various overseas publications for the promotion of the Wellington region; design handout for employers; reprint the immigration marketing materials; build a report section for jobs database on website
- **Creative Sector:** Produce Creative Industries marketing material; promote business excellence in this industry through sponsoring various key events and activities
- **Professional Services Sector:** Support for trade events; upgrading the cluster marketing material; ongoing development and maintenance of professional services website including content development and potential subscription to contract information sources; support cluster events and seminars
- **Education Sector:** Continue to develop regional marketing collateral for the international market that promotes areas of educational excellence aligned to our regional strengths

#### *Expected Outcomes*

- The contribution of business to the Wellington region will be raised through media and events. PWB will produce regular newsletters and bulletins, 100 quality media mentions, sponsor the Wellington Regional Business Gold Awards and maintain and develop our website
- The role and value that PWB has in the promotion of economic development in the Wellington region is articulated and understood, via media exposure and feedback from stakeholders and clients
- Marketing collateral articulates the Wellington region's competitive and comparative advantages and is distributed to target audiences, particularly in the areas of migrant/expatriate attraction and the target growth sectors

## 8.0 PWB's Five Programmes

### 8.1 Business Development Programme – accelerating business growth

#### *Description*

The Wellington regional economy contributes 13% of the national GDP and of New Zealand's working population. The majority of businesses in the Wellington region - 90% - are classified as small and medium enterprises (SMEs) with fewer than ten employees (Infometrics 2006). Over the past six years stronger job growth has occurred in businesses employing fewer than 20 staff. Retaining and growing existing businesses, both the small and the large, are important for the overall viability of the Wellington regional economy.

### Activities

The business development team is the principal route by which the wider business community will link up with PWB. It is PWB's front door for delivery of business services to companies wanting to grow. Services include short courses, research and development assistance, help in applying for grants and general advice. The team will be a catalyst, connector, facilitator and deliverer of business growth services. Through its work the team will also be a primary source of business intelligence.

The team provides services to businesses that are otherwise not available and to businesses that might hesitate to engage with private sector providers. It acts as a bridge between central government business agencies and where appropriate, other public and private service providers. PWB will work with other strategic partners, particularly NZTE and FORST, to deliver effective business development services.

Through working one-on-one with business clients, the business development team has achieved success in helping businesses to start up, grow and prosper. In the past 52 months since its establishment, PWB has assisted 65 companies access \$5.3 million worth of R&D grants. Given that the Grants for Private Sector Research require 2:1 matching from the companies concerned, the \$5.3 million drove \$15.9 million worth of research in the region. Under a new programme, in the last nineteen months the team has also helped companies access \$200,000 worth of 1:1 government grants to help them remove technical barriers and assist businesses to engage external capability enhancing expertise.

The team will adopt a client development partnership approach where they seek to understand and identify clients' needs. They will either directly assist them or refer them to more appropriate assistance. In particular the team will provide services that assist SMEs with building capacity in the areas of:

- business start-ups through our high growth incubators CHQ and FHQ
- capability development
- employment and skills training
- business growth/ research and development funding
- capital investment
- facilitation of business opportunities

While each service stands on its own merits, in practice each forms part of an integrated offering to businesses. The business development team will work with sector managers and the incubator residents to offer specific support to cluster members and incubator residents.

PWB currently contracts with WINZ to supply 15 start-up business courses per annum for long-term unemployed throughout the Greater Wellington Region – the "Be Your Own Boss" programme. This contract expires on 30 June 2006. The principal focus of the BYOB programme is social development as distinct from economic development. PWB will not seek a renewal of the BYOB contract for 2006-07 and beyond. Our intention is to redeploy staff members currently working on BYOB into higher priority areas of our business development operation.



### *Expected Outcomes*

The Business Development Programme is expected to deliver the following outcomes:

- Assist with early identification and facilitation of 200 companies with annual turnover between \$2m and \$10 million to find 40 with a growth potential of >50% per annum with 10 companies showing >50% increase in revenue over a 12 month period
- Businesses assisted to raise \$2.05m worth of research and development grants which in turn generates about \$6.15m worth of R&D spend (due to the requirement for 2:1 fund matching)
- Business capability enhanced through PWB facilitating access to central government programmes
- Enhanced capability of sector/cluster member companies through delivering 15 training programmes to sector manager nominated businesses
- The wider needs of businesses supported through PWB advocating and representing their views on regional issues e.g. transport infrastructure

## **8.2 Business Incubation Programme – emerging high growth businesses that will be the success stories of tomorrow**

### *Description*

To develop a strong growing economy in the future, we need to start building the businesses of tomorrow.

Business incubation will be a primary means in which PWB will help high growth start-up businesses during their early phase of the business lifecycle.

Creative HQ offers a two year, intensive incubation programme for creative companies where residents are given access to mentors, professional advisors, business support, networks, investment and business infrastructure. Each resident company starts at Creative HQ on a three-month probation period. This period is used to carry out a needs assessment of the company, establish a business plan and put KPIs in place to meet the minimum turnover or capital raising target of \$500,000 by year two and \$5m by year five.

Once a company is accepted into the incubator programme they are monitored continually to ensure they are tracking towards the high-growth goals. Companies who start to lag are given support and where this fails to bring them back on track they are asked to leave the incubator.

The vision of our Business Incubator Programme is to be the most successful generator of high growth new businesses in New Zealand. We will achieve this through enabling creative start-up businesses to be successful in the global economy by providing best practice business support and quality infrastructure.

Fashion HQ was established as a satellite incubator, to support high growth fashion design and apparel companies in the Wellington region. This is recognition of the unique business support required for niche sub groups within the creative sector.

In order to ensure the best success opportunities for residents in the incubators, CHQ/FHQ both have advisory groups of exemplary specialists and expert advisors from relevant business disciplines.

### *Activities*

PWB will continue to run and develop the business incubator programme via Creative HQ and Fashion HQ. Key areas for attention in 2006/07 are:

- Marketing – through the PWB marketing operation, developing of the profile of the incubators and thereby creating a win-win for their sponsors which in turn will attract high deal flows and investor confidence
- Mentoring – further developing the mentoring scheme including the establishment of advisory boards for each resident company
- Investment – ensuring strong partnership with venture capitalists and assisting the new Angel Network as part of the Wellington Innovation Network
- Partnerships - Continue to work closely with Incubators New Zealand and the Wellington Innovation Network
- Incubator sustainability – exploring sustainable funding mechanisms and business models to support incubator activities such as equity raising, sponsorship and other services as well as gaining greater leverage off other incubators and PWB services
- International benchmarking - establishing world class business development and support services through international benchmarking
- Expanding the associate program previously only used in Fashion HQ into Creative HQ sector, offering the opportunity to benefit from the programme to companies that Creative HQ does not have the physical space to support
- Alumni – developing and maintaining an alumni programme for the incubators to help ensure the long term success of incubator graduates
- Reporting to TLAs regarding business growth barriers that our stakeholders can help to remove

### *Expected Outcomes*

The Business Incubator Programme is expected to assist embryonic high growth companies to mature and become the successful businesses of tomorrow. Over the 12-month period from July 2006 it will deliver the following outcomes

- Achieve a minimum of \$10m economic impact per annum through the incubator and resident activities
- A minimum of 15 high growth companies residing in Creative HQ and Fashion HQ including up to 5 associate companies participating in the mentoring scheme and residents networking programme
- 60% of Creative HQ resident business plans to be on target to meet the \$500,000 turnover/capital goal at the 18-month review

- One business exiting Fashion HQ, generating \$200,000+ annual turnover per annum with this business to generate \$2m+ within three years of exiting
- 60 % success rate for exiting companies (based on minimum turnover/capital raising targets)
- An Angel Investment Network maintained in conjunction with Wellington Innovation Network and Incubators NZ

### **8.3 Migrant and Expatriate Attraction Programme - meeting the skilled labour needs of business that will enable them to grow**

#### *Description*

A labour force meeting the needs of business is critical for economic growth. One of the greatest concerns of SMEs in New Zealand is around the shortage of skilled labour.

The purpose of the Migrant and Expatriate Attraction Programme is to boost regional growth by addressing skill shortages through immigration. This programme works closely with the investment attraction programme.

#### *Activities*

The main activities of the Migrant and Expatriate Attraction Programme are to attract skilled migrants and expatriates to the region, assist in their settlement and to facilitate immigration issues between New Zealand Immigration Service (NZIS) and employers. We work particularly closely with NZIS to identify regional skill shortage, give feedback on policy, service delivery and give joint presentations to employer groups and agencies on immigration policy and the migrant attraction programme.

Specific activities to support the focus of the programme are:

- Identify skill shortages in the Wellington region
- Assist employers to identify qualified migrants/expats to fill skill gaps
- Attract/target migrants and ex-pats who can fill skill gaps
- Respond to all enquiries from potential migrants/expats
- Act as a bridge between immigration and employers to expedite the immigration process
- Act as a liaison between immigration and employers to resolve immigration related issues
- Work with other agencies such as councils, government, immigration service providers, employers, NGOs to assist the successful settlement of migrants
- Work with Department of Labour/immigration on special projects related to skill shortages and migrant attraction
- Promote the Wellington region to potential migrants and business investors as an attractive destination with jobs and lifestyle through marketing initiatives such as the London Opportunities Expo and other job fairs
- Represent PWB on the Wellington Regional Labour Market Advisory Group
- Represent PWB on the region's three Local Settlement Support Groups

### *Expected Outcomes*

The activities of the Programme are expected to achieve the following outcomes:

- Employers' skill shortages met through migrant and expatriate labour – Target: 42 employers and recruitment agencies are assisted in obtaining skilled migrant/expatriate labour and/or assisted in the immigration process
- The jobs and lifestyle opportunities of the Wellington region are represented in overseas markets and job fairs, such as the London Opportunities Expo, which produces good leads for potential migrants and expatriates – Target: 500 new immigrants and expatriates are registered on the PWB database
- PWB will inject skills and economic activity into the region – Target: assisting at least 110 migrants into jobs and/or assist in their settlement, and meeting the skills shortages of 42 employers/agencies in the region (as above). Using a figure of \$100,000 per migrant, this has an economic impact of about \$11 million per annum

## **8.4 Investment Attraction Programme – delivering the investment needed for business growth**

### *Description*

Investment capital is crucial for businesses to be able to establish and grow. PWB helps businesses in the region to get access to the investment they need. In some cases, this can be achieved through introducing them to the appropriate organisation or networks. In other cases, where a business does not fit normal lending or investment criteria, PWB endeavours to arrange direct matching to individual investors.

PWB also identifies investment opportunities for potential investors and facilitates public and private sector partnerships to maximise investment opportunities. An example of this public and private sector partnership is in the establishment of New Zealand's first world-class sound stage in Miramar. Another example is where PWB partnered with Hutt City Council, government agencies and a private sector partner, Orica, to secure the expansion of international call centre facilities in Hutt City.

### *Activities*

The Investment Attraction Programme has two major aims: to grow existing businesses by attracting new investment capital, and to attract new businesses to set up in the region.

Specific activities of the Programme are:

- Attract companies seeking new locations for their business operations
- Provide a source of investment capital to aid the growth of local companies
- Provide investment opportunities for investors, including those seeking residence via the NZIS investor scheme
- Target specific industries and companies, especially the contact centre industry and the transport industry to use Wellington as a hub

- Facilitate productive links with organisations or networks having related aims, such as Investment NZ, NZ Trade and Enterprise and Education Wellington International (now part of PWB)
- Supporting councils in the development of business parks, e.g. Aotea Block and Seaview

#### *Expected Outcomes*

- The purpose of these activities is to contribute to the growth of the economy, which is reflected in the creation of new businesses and the growth of existing businesses. As a result of the activities of the Investment Attraction Programme, PWB will grow the number of jobs and create the following economic benefits: 40 new jobs, \$10 m of new investment, and 10 new business investment migrants.

## **8.5 Sector Programme - achieving strong sector growth through collaboration**

### *Description*

Strong sectors with critical mass are important to achieving solid growth. Inherent regional strengths and opportunities can be capitalised on by deliberately seeking to extend and develop the sectors – to deepen and broaden the region’s critical mass in certain core, export-oriented industries. One potential implication of the trend of globalisation is that some small firms and even whole regions, will be unable to meet the new standards of productivity, quality, flexibility, delivery and innovativeness, and they will therefore be marginalised. It will be important that the region strengthens its SMEs through sector support to ensure their future viability.

PWB will continue to work with sectors and groups of businesses to help build their collective capability, market access, address infrastructural needs and expand opportunities for import substitution.

### *Activities*

PWB has identified the following key growth sectors that it will support: Film and Creative Industries, Manufacturing, Biotechnology, Education, Professional Services, and Information & Communications Technologies. We will undertake the following activities to support the development of these key growth sectors:

- Encourage and support SME exporting companies to grow and export
- Work with companies to increase the number of high growth, large scale companies in the region that are exporting
- Promote and market the region’s key sectors and successful businesses
- Encourage greater commercialisation, product innovation and smarter ways of doing business through building stronger partnerships between Crown Research Institutions, education institutions, business and government
- Identify and track offshore market developments in areas of interest to the key sectors
- Provide market intelligence and identify and qualify overseas market opportunities

- Set-up systems and processes to maximise opportunities for successful, profitable engagement with both domestic and offshore partners and customers
- Facilitate business clusters focusing on generating export sales, overcoming local inhibitors and growing domestic sales through encouraging import substitution
- Liaise and build alliances with key strategic partners that will help stimulate sector and cluster growth
- Identify and help address infrastructure gaps that will build the capability of key sectors

### *Expected Outcomes*

The expected outcome of the Sector Programme is:

- Positive growth of employees and GDP contribution of key sectors based on Statistics New Zealand data and calculations by Infometrics
- Growth in export revenues of businesses assisted by PWB's programmes and activities based on findings from the annual cluster member survey
- Economic Impact resulting from key sector interventions such as business cluster facilitation, export assistance, capability development, screen production marketing and support, international education and funding for Major Regional Initiatives. As a result, PWB will significantly contribute to the growth of 15 high growth companies in the region and assist in the generation of \$20m in export earnings

## **Specific Activities and Outcomes of each Key Sector**

### **8.5.1 Education Sector**

#### *Description*

The Education Sector is an enabler for the growth of our business community through skill development and research capabilities. It is also a significant generator for foreign exchange earnings for the region. In 2005 foreign fee paying students had an economic impact of \$144.8m on the region's economy. PWB has focused its contribution to the development of the Education Sector in the following areas:

- Supporting the marketing of the region as a destination for fee paying students
- Promoting greater collaboration amongst tertiary education providers through the Tertiary Education Cluster
- Facilitating partnerships between business and educational providers through the business clusters
- Providing the opportunity for graduates to participate in the Business Incubator Programme

### *Activities*

The key activities for 2006/07 will be:

- Build on the inter-relationships of the tertiaries to develop collaborative projects and actions, with particular emphasis on key sectors
- Overseeing and supporting the regional marketing network, Education Wellington International, to market the region as an education destination
- Increasing stronger relationships between the tertiary sector, business and local government that lead to beneficial commercial returns and address skill shortage issues and barriers
- Fostering a stronger sense of ownership and promotion within the region of the education sector
- Reducing or eliminating constraints and barriers for education providers and their students e.g. transport issues through advocacy to councils

### *Expected Outcomes*

The purpose of these activities is to contribute to the growth of the economy reflected in creation of new business, growth of existing business and the economy, and employment. The activities of the Education Project are expected to achieve the following outcomes:

- Economic impact of \$153 million from international student education
- Enhanced working relationships between business and the tertiary education providers that lead to beneficial commercial returns and addresses skill shortage issues and barriers

## **8.5.2 Professional Services**

### *Description*

The Professional Services Sector encompasses a very broad range of occupations. PWB has resolved to work with specific groups that are focussed on the export of consultancy services. New Zealand Trade and Enterprise estimates annual consultancy exports to be in excess of \$500 million. It is not possible to estimate foreign exchange earnings generated by the services in the Wellington region due to the difficulties in classifying and capturing services data. However, it is widely acknowledged that consultancy and other professional services are a major contributor to the region in terms of earnings and jobs. PWB has been able to survey companies that are involved in the cluster programme to ascertain what export revenues they have achieved through participation in the cluster(s).

The three specialist clusters/networks in the Professional Services Sector are: Earthquake Engineering New Zealand, Natural Hazards New Zealand and Trade Navigators.

### *Activities*

The key activities for 2006/07 will be:

- Identify and track offshore market developments in areas of interest to the key sectors
- Provide market intelligence and identify and qualify overseas market opportunities
- Facilitate business clusters focusing on generating export sales, overcoming local inhibitors and growing domestic sales through encouraging import substitution
- Liaise and build alliances with key strategic partners that will help stimulate sector and cluster growth

### *Expected Outcomes*

- The Earthquake Engineering NZ, Natural Hazards NZ and Trade Navigators have projected that their collaborative initiatives will lift their current industry export foreign exchange earnings by 15% within the next 3 – 5 years above what is possible by individual companies. In 2006/07 a total of \$2m worth of export contracts is expected to be achieved from these activities.
- Positive business environment - the creation of a collegial business environment to encourage business retention and business capability development. This will be achieved through regular networking events, ensuring cluster contact mailing lists are kept up to date and information bulletins, assisting with the development of marketing material, media stories and workshops. The annual Cluster Profile Survey will provide quantitative and qualitative feedback.
- Increased export and revenue by members will be measured through the Cluster Profile Survey.

## **8.5.3 Manufacturing and Biotechnology Sectors**

### *Description*

The Manufacturing Sector contributes to about 8% of the region's GDP and is currently the region's fifth largest employer, behind Property and Business Services, Retail Trade, Health and Community Services, and Government Administration and Defence. The Sector includes a number of large manufacturers and processors (for example Griffins and Unilever) and also other companies that operate in smaller niches and consider themselves to be strong in creative manufacturing design.

High volume commodity manufacturing has largely given way to the demand for higher value products, which tends to require a greater design input. Lower waged, developing countries such as China are increasingly becoming the mass product factory for the world.

Wellington's success in the manufacturing and biotechnology sectors will increasingly be reliant on innovative and design-led companies. PWB will continue to work with the Creative Manufacturing Cluster and Biotechnology Network, as well as a number of individual projects in these sectors.



### Activities

The key priorities for the manufacturing and biotechnology sectors in achieving faster and sustainable growth will be:

- Increase the number of high growth, large scale companies in the region that are selling manufactured product internationally into niche markets
- Encourage smaller companies to collaborate with and support these bigger companies
- Help innovation-driven SMEs accelerate their own commercially feasible, high growth manufacturing or design opportunities.
- Help to grow domestic sales through using local suppliers and encouraging import substitution
- Continue to work with tertiary providers to identify skill gaps and develop suitable programmes to address business needs
- Facilitate Creative Manufacturing Cluster and the Wellington Biotechnology Network

In addition we see three ways to accelerate the growth of large companies:

- Encourage a number of existing companies to identify an international market that fits with their broad capability and have them join together to focus on this
- Assist existing or new companies with the necessary ambition, competitive advantage and market potential to larger scale success
- Build the infrastructure and capability of the local industry (particularly when it comes to building core competitive advantage) and better servicing innovative, potential high growth companies

Important to the success of the sector will be to identify the sources of local competitive advantage and build credible New Zealand-based international brands. Much of the work on the regional manufacturing economy has tended to focus on the manufacturing process. It will be important, however, as this sector/cluster develops to look at the potential from a wider value chain perspective - in keeping with the focus on "value chain" being applied by the Wellington Regional Strategy work so far. When this perspective is taken, the greatest potential value for Wellington is likely to come from product development and the "ownership" of international markets, rather than necessarily through actual production.

PWB is currently working with the region's manufacturers, Weltec and other tertiaries, CRIs and NZTE on a business plan for a possible major regional initiative that would see the establishment of a centre focused on product markets – a Greater Wellington Industry Development Centre. This initiative will look at undertaking major products involving market development or technology commercialisation, cluster/sector capability development and could also include an incubator. If confirmed, this initiative will be a key focus for PWB in 2006/07.

PWB has also facilitated the Wellington Regional Biotechnology Network for the past two years. The group is primarily a networking opportunity for biotechnologists in the region, rather than working on collaborative market opportunities. Technical and industrial matters are managed by the NZBio organisation. One of the activities for 2006/07 will involve support for the development of a Wellington Biotechnology Marketing Group. This group will involve major participants in the Wellington region working together to market Wellington as a centre of expertise, particularly in the field of nutraceutical product testing.

#### *Expected Outcomes*

- PWB will help retain and grow existing companies through building stronger inter-relationships between manufacturing companies, government, research institutions and educational institutions through maintaining the profile and effectiveness of the Wellington Biotechnology Network. This will be measured through growth in GDP and employee count in the Manufacturing Sector<sup>8</sup> and feedback from participants in the Cluster Profile Survey.
- Through the Creative Manufacturing Cluster, PWB will contribute proactively to the direction and application of tertiary education and training programmes so as to help ensure that appropriately skilled employees are available for our businesses.
- To confirm in place a Greater Wellington Industry Development Centre project by the end of 06/07 financial year.
- In its facilitation role of the High Temperature Superconductor (HTS) Consortium, PWB will assist the Consortium to promote, seed and facilitate specific projects which will advance the use and understanding of HTS.
- The Creative Manufacturing Cluster members will increase their understanding and knowledge of key export markets, ultimately leading to export revenues through facilitating participation in trade shows and in-market visits. Increased exports and revenue by members will be measured through the Cluster Profile Survey.
- Facilitate \$3m exports by members of the Creative Manufacturing cluster.

### **8.5.4 Film and Creative Industries Sector**

#### *Description*

In the transformation of the Wellington region from a corporate and large-manufacturing environment into a hub for education, the arts, tourism and innovative small to medium-sized enterprises, the role of the creative sector – and creative people – has become prominent. The sector already makes a significant and growing contribution to GDP and employment in the Wellington region.

There were 8738 people employed in the creative industries in the Wellington Region as at March 2005. This figure represents a 1% decrease on the 2004 sector employment figure of 8,845 with the reduction mainly

<sup>8</sup> Statistics NZ does not have a classification for biotechnology, therefore PWB can only report on growth in the manufacturing sector.

concentrated in film, television and radio. The Wellington region's national share of employment in the creative industry sector stands at 14% in 2005, down from 18% in 2004. However, the region has a higher concentration of those employed in the creative industries than the rest of New Zealand. This is reflected in the location quotients<sup>9</sup> of 1.14 for the region and 1.27 for Wellington City (Infometrics 2006).

The number of business in the creative industry sector continued to grow at a rate of 3% for the year, with a total net increase of 472 businesses for the five year period 2000-2005 (Infometrics 2006).

Wellington is home to the second largest concentration of screen production industry in New Zealand. The film industry in Wellington is an important contributor to the regional economy, not just in terms of employment and GDP, but also in terms of its contribution to raising the profile for other knowledge and creative industries. The annual national survey of the screen production industry, formerly produced by Colmar Brunton, for SPADA shows that Wellington's industry has grown and begun to rival Auckland despite the concentration of television in Auckland and the number of full time equivalent employees (FTEs). In 2003 \$158m (37%) of the production budgets was spent in Auckland and \$144m (34%) was spent in Wellington (Colmar Brunton 2004). This survey is no longer produced by Colmar Brunton, and the collection and reporting of data on the screen production industry has been picked up by Statistics New Zealand.

### Activities

In 2006/07 PWB's Film and Creative Sector work will concentrate on the following:

- Identify and track offshore market developments in areas of interest to Wellington-based creative companies
- Identify and qualify offshore work opportunities for Wellington-based creative companies
- Set up systems and processes to maximise opportunities for successful, profitable engagement with offshore partners and customers e.g. website enquiry tracking system
- Work with Wellington-based creative companies, separately or in collaboration, to win profitable projects
- Identify and facilitate IP commercialisation initiatives that will assist in the growth of Wellington-based creative companies
- Build and maintain networks to support new and emerging creative industry sub-sectors e.g. music industry, digital content and animation companies
- Assist Wellington-based creative companies in obtaining information, expertise, training support and funding, from PWB and elsewhere

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<sup>9</sup> This is a measure of the relative concentration of employment or geographic units in the industry. A location quotient of greater than 1.0 indicates a stronger than national average concentration for that particular industry in that local area. (Infometrics)

- Demonstrate and promote the benefits of established infrastructure and programmes to Wellington-based creative companies and identify capability gaps for addressing them e.g. broadband infrastructure, TV sector production

The PWB film office, Film Wellington, supports the film and television industry by working with the directors and producers on the logistics of filming in the Wellington region. Working closely with local government, transport providers, Department of Conservation, Greater Wellington, Transit and many other organisations, Film Wellington is able to give first class support and assistance with locations and sourcing local skills and post production facilities. The Film Wellington Office has consistently received high praise from the film and TV production houses, line producers and location managers for its service to the industry and will be celebrating its ten year anniversary in 2006.

PWB's work through the film office has primarily been concentrated in smoothing bureaucratic red tape and addressing infrastructure gaps. In 2006/07 PWB will focus more attention on developing its marketing activity to bring more screen productions to the region.

#### *Expected Outcomes*

The purpose of these activities is to contribute to the growth of the economy reflected in creation of new business, business growth and employment growth. The activities of the Film and Creative Industries Project are expected to achieve the following outcomes:

- Facilitate multi million dollar export contracts through PWB support in marketing, sales, in-market visits and general trade support
- Demonstrate and build Wellington's reputation nationally and internationally for being outstanding in its film friendly services; it is an ideal place for location shooting and post production. Success will be reflected in the number of film permits issued for location shoots, as well as the region's spend in screen production
- The region's film and creative companies grow in revenue generation both from NZ and internationally based film productions through our continued close working relationship with the industry and Central Government
- The film and creative sector is growing and vibrant – both with new fledging companies and mature businesses. We link companies to PWB's Business Development offerings and the Business Incubator programme. Through PWB's support of the Film and Creative Industries sector there will be increased employment and levels of economic growth. Our target is to maintain the current level of employment in the creative sector and grow GDP contributions by 2%, calculated using Statistics NZ data and methodology developed by Infometrics

## 8.5.5 Information and Communication Technology

### *Description*

Wellington is a vibrant and innovative region and the Information Communications Technology (ICT) industry reflects these attributes. ICT is a key growth sector for Wellington and the region accounts for 22% of total ICT employment in New Zealand, the same as in the previous year.

Overall ICT employment in the Wellington region increased over the year ending March 2005 by 615, a significant gain after three years of decreasing numbers, and resulting in an overall gain of 278 employees from 2000.

Employment growth for the region over the last five years is lower than the New Zealand total (1% compared to 4%), and falls well behind the other main centres, all of which are above the New Zealand total figure (Infometrics 2006).

A primary focus for PWB's ICT sector work is to help grow existing businesses. Our main medium of working with them is through the ICT Wellington Cluster. Specific assistance is given through administrative support to the cluster, business development and sales support. ICT is PWB's largest cluster in terms of membership and currently has 495 members.

### *Activities*

The ICT Sector project will continue to concentrate on the following key activities, which include:

- Ongoing support of the ICT Cluster programme
- Providing business development assistance and sales support to companies to increase growth in identified collaborative markets or to reduce barriers to growth
- Maintaining the strong links between PWB, industry and the ICT Tertiary Project Team to ensure the required skills needs are met, and that there are collaborative and relevant research projects
- Identifying infrastructure gaps that need addressing and potential research activities that could be undertaken which would provide significant support to the growth of the ICT sector and/or an enabler to other sectors
- Maintaining the relationships with regional cluster networks and strategic partners to ensure collaboration projects are progressed and opportunities for greater unification within the ICT sector are identified
- Promoting business successes through media stories
- Undertaking market research for potential new international markets

### *Expected Outcomes*

- Facilitate multi-million dollar contracts in collaborative projects, including exports facilitated by PWB support in marketing, sales, in-market visits and general trade missions
- Wellington continues to maintain a higher density of ICT workers than the rest of New Zealand through a strong, co-ordinated and focused PWB ICT Cluster, measured by employment location quotients using Infometrics methodology
- PWB will raise awareness of the ICT sectors and its contribution and importance to the region through marketing and communication activities with the purpose of retaining existing and attracting new business. Qualitative evidence will be provided on the nature and type of marketing/communication activities, media coverage and sponsored events
- Our target – as for the creative sector – will be to maintain the current level of employment in the ICT sector and grow GDP contribution by 2%

## **9.0 Budgets and Three Year Forecast**

### **Notes to the Budget**

- 1 The attached Budget assumes a 10% funding increase from each of our five stakeholder Councils for the 2006-7 financial year, as has been requested. Councils do not confirm their own 2006-7 budgets until late June. The PWB Budget is therefore a best case scenario which would need to be revised downwards if these funding increases were not forthcoming.
- 2 The Budget contains some significant changes in income and expense numbers as compared to 2005-6 actuals.  
  
Non-Council income reduces considerably. This in part reflects the fact that PWB will no longer deliver “Be Your Own Boss” courses for long-term unemployed on behalf of WINZ, nor our own in-house “Start Your Own Business” course. Also, while we expect to receive further external income in the form of New Zealand Trade and Enterprise and other Government grants (as in previous years), these amounts will not be added to the actuals and forecasts until contracts are signed. While such grants alter income and expenditure, they do not change the bottom line.
- 3 Employee expenses show a decrease on 2005-6 actuals. This is principally because there are no restructuring costs included in the 2006/7 budget. “Other operating expenses” likewise decrease, as we will not have expenses related to BYOB/SYOB; while (as noted above) expenses related to any NZTE grants are only added in once income has been contracted.
- 4 In 2006/7 PWB plans to spend up to \$100,000 on computer software (to adopt and implement a long-overdue Client Management System – CMS).

Business Plan 2006/07		\$x000's							
Estimate	EARNINGS STATEMENT	Qtr to	Qtr to	Qtr to	Qtr to	Total YE	Total YE	Total YE	
30-Jun-06		30-Sep-06	31-Dec-06	31-Mar-07	30-Jun-07	30-Jun-07	30-Jun-08	30-Jun-09	
	<b>Revenue</b>								
0	Trading Income	0	0	0	0	0	0	0	
2,050	WCC Grants	553	553	553	553	2,211	2,432	2,675	
201	PCC Grants	55	55	55	55	222	244	268	
441	HCC Grants	121	121	121	121	485	533	587	
106	UHCC Grants	29	29	29	29	117	129	141	
100	KDCC Grants	29	29	29	29	117	129	141	
0	Other Grants	119	93	99	99	410	360	310	
0	Sponsorships and Donations	23	88	48	23	180	180	180	
58	Investment Income	15	6	15	6	41	60	67	
1,514	Other Income	36	31	42	36	145	145	145	
4,471	<b>Total Revenue</b>	980	1,005	991	952	3,928	4,212	4,515	
	<b>Expenditure</b>								
1,958	Employee Costs	495	426	513	427	1,862	1,912	1,964	
2,425	Other Operating Expenses	631	453	365	501	1,950	2,183	2,437	
77	Depreciation	27	27	27	27	108	109	105	
0	Interest	0	0	0	0	1	1	1	
4,461	<b>Total Expenditure</b>	1,153	907	905	955	3,921	4,205	4,508	
11	<b>Net Surplus/(Deficit) before Taxation</b>	-173	98	86	-4	7	6	8	
0	Taxation Expense	0	0	0	0	0	0	0	
11	<b>Net Surplus/(Deficit)</b>	-173	98	86	-4	7	6	8	
0.2%	<b>Operating Margin</b>	-17.7%	9.8%	8.6%	-0.4%	0.2%	0.1%	0.2%	

Estimate 30-Jun-06	STATEMENT OF FINANCIAL POSITION	As at 30-Sep-06	As at 31-Dec-06	As at 31-Mar-07	As at 30-Jun-07	As at 30-Jun-08	As at 30-Jun-09
	<b>Shareholder/Trust Funds</b>						
	Share Capital/Settled Funds	0	0	0	0	0	0
	Revaluation Reserves	0	0	0	0	0	0
	Restricted Funds	0	0	0	0	0	0
230	Retained Earnings	57	155	241	237	243	251
230	<b>Total Shareholder/Trust Funds</b>	57	155	241	237	243	251
	<b>Current Assets</b>						
617	Cash and Bank	888	329	1,197	615	579	567
63	Accounts Receivable	12	10	14	12	12	12
48	Other Current Assets	49	10	57	52	46	46
728	<b>Total Current Assets</b>	949	350	1,268	679	637	626
	<b>Investments</b>						
0	Deposits on Call	0	0	0	0	0	0
0	Other Investments	0	0	0	0	0	0
0	<b>Total Investments</b>	0	0	0	0	0	0
	<b>Non-Current Assets</b>						
149	Fixed Assets	215	212	188	161	176	183
0	Other Non-current Assets	0	0	0	0	0	0
149	<b>Total Non-current Assets</b>	215	212	188	161	176	183
877	<b>Total Assets</b>	1,164	561	1,456	839	813	808
	<b>Current Liabilities</b>						
189	Accounts Payable and Accruals	184	138	125	149	141	154
51	Provisions	62	52	58	62	62	62
197	Other Current Liabilities	651	6	821	181	156	131
437	<b>Total Current Liabilities</b>	896	195	1,004	392	359	346



Estimate 30-Jun-06	STATEMENT OF FINANCIAL POSITION CONTINUED	As at	As at	As at	As at
		30-Sep-06	31-Dec-06	31-Mar-07	30-Jun-07
	<b>Non-Current Liabilities</b>				
211	Loans - WCC	211	211	211	211
0	Loans - Other	0	0	0	0
0	Other Non-Current Liabilities	0	0	0	0
211	<b>Total Non-Current Liabilities</b>	211	211	211	211
230	<b>Net Assets</b>	57	155	241	237
1.7	<b>Current Ratio</b>	1.1	1.8	1.3	1.7
26.3%	<b>Equity Ratio</b>	4.9%	27.6%	16.5%	28.3%

As at	As at
30-Jun-08	30-Jun-09
211	211
0	0
0	0
211	211
243	251
1.8	1.8
30.0%	31.1%

-0 Check

-0

-0

-0

-0

-0

-0

Estimate 30-Jun-06	STATEMENT OF CASH FLOWS	Qtr to 30-Sep- 06	Qtr to 31-Dec- 06	Qtr to 31-Mar-07	Qtr to 30-Jun-07	Total YE 30-Jun-07	Total YE 30-Jun-08	Total YE 30-Jun-09
	<b>Cash provided from:</b>							
0	Trading Receipts	0	0	0	0	0	0	0
2,050	WCC Grants	1,106	0	1,106	0	2,211	2,432	2,675
201	PCC Grants	55	55	55	55	222	244	268
441	HCC Grants	121	121	121	121	485	533	587
106	UHCC Grants	29	29	29	29	117	129	141
100	KDCC Grants	29	29	29	29	117	129	141
1,229	Other Grants	31	5	362	12	410	335	285
220	Sponsorships and Donations	11	83	48	23	164	180	180
58	Investment Income	15	6	15	6	41	60	67
235	Other Income	87	33	38	38	196	145	145
4,641		1,484	362	1,803	313	3,962	4,187	4,490
	<b>Cash applied to:</b>							
1,654	Payments to Employees	462	429	485	416	1,792	1,850	1,905
3,180	Payments to Suppliers	659	476	449	474	2,058	2,223	2,478
-5	Net GST Cashflow	0	-7	-4	6	-6	24	5
0	Other Operating Costs	0	0	0	0	0	0	0
2	Interest Paid	0	0	0	0	1	1	1
4,831		1,121	897	931	896	3,846	4,098	4,390
-190	<b>Total Operating Cash Flow</b>	364	-535	871	-583	117	89	100
	<b>Investing Cash Flow</b>							
	<b>Cash provided from:</b>							
0	Sale of Fixed Assets	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
	<b>Cash applied to:</b>							
23	Purchase of Fixed Assets	93	24	3	0	119	124	112
0	Other	0	0	0	0	0	0	0
23		93	24	3	0	119	124	112
-23	<b>Total Investing Cash Flow</b>	-93	-24	-3	0	-119	-124	-112

Estimate 30-Jun-06	STATEMENT OF CASH FLOWS CONTINUED	Qtr to	Qtr to	Qtr to	Qtr to	Total YE	Total YE	Total YE
		30-Sep-06	31-Dec-06	31-Mar-07	30-Jun-07	30-Jun-07	30-Jun-08	30-Jun-09
	<b>Financing Cash Flow</b>							
	<b>Cash provided from:</b>							
0	Drawdown of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
	<b>Cash applied to:</b>							
0	Repayment of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
0	<b>Total Financing Cash Flow</b>	0	0	0	0	0	0	0
(213)	<b>Net Increase/(Decrease) in Cash Held</b>	271	(559)	868	(583)	(2)	(36)	(11)
830	<b>Opening Cash Equivalents</b>	617	888	329	1,197	617	614	578
617	<b>Closing Cash Equivalents</b>	888	329	1,197	614	614	578	567

Estimate	CASH FLOW RECONCILIATION	Qtr to	Qtr to	Qtr to	Qtr to	Total YE	Total YE	Total YE
30-Jun-06		30-Sep-06	31-Dec-06	31-Mar-07	30-Jun-07	30-Jun-07	30-Jun-08	30-Jun-09
11	<b>Operating Surplus/(Deficit) for the Year</b>	(173)	98	86	(4)	7	6	8
77	Add Non Cash Items							
	Depreciation	27	27	27	27	108	109	105
	Other					0		
88		(146)	125	113	23	115	115	113
	<b>Movements in Working Capital</b>							
273	(Increase)/Decrease in Receivables	51	2	(4)	2	51	(0)	0
(2)	(Increase)/Decrease in Other Current Assets	(1)	39	(47)	5	(4)	6	0
(422)	Increase/(Decrease) in Accounts Payable	(5)	(46)	(12)	24	(40)	(8)	13
(126)	Increase/(Decrease) in Other Current Liabilities	464	(655)	821	(636)	(5)	(25)	(25)
(278)		510	(660)	759	(606)	2	(27)	(12)
	<b>Net Gain/(Loss) on Sale:</b>							
0	Fixed Assets	10	10	10	10	40	40	40
0	Investments	(10)	(10)	(10)	(10)	(40)	(40)	(40)
0		0	0	0	0	0	0	0
(190)	<b>Net Cash Flow from Operations</b>	364	(535)	871	(583)	117	89	100

<b>Wellington Regional Economic Development Trust (Positively Wellington Business)</b>						
<b>Capital Expenditure Budget &amp; 3 year forecast</b>						
	<b>Forecast</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
	<b>FY 05/06</b>	<b>FY 06/07</b>	<b>FY 07/08</b>	<b>FY 08/09</b>	<b>FY 09/10</b>	<b>FY 10/11</b>
Hardware	17,144	8,000	4,000	53,800	28,000	4,000
Software	2,638	100,000	2,000	20,000	12,000	25,000
Equipment		10,000	14,000	7,000	2,000	15,000
Fixtures			50,000			
Furniture	3,267	1,000	25,000	1,000	1,000	1,000
Motor Vehicles						
<b>Total</b>	<b>23,049</b>	<b>119,000</b>	<b>95,000</b>	<b>81,800</b>	<b>43,000</b>	<b>45,000</b>

# APPENDIX ONE: KEY EXPLANATION OF PERFORMANCE MEASURES

POSITIVELY WELLINGTON BUSINESS REGIONAL ECONOMIC IMPACT WORKSHEET		
	TARGET	CUMULATIVE
<b>Economic Impact (EI)</b>	<i>The target figure is based on the projected activities of Positively Wellington Business in the Wellington region, including direct investment, jobs and business revenue.</i>	<i>The cumulative figure is the economic impact achieved through the activities of Positively Wellington Business in the Wellington region, from its inception in 2001 until the end of December 2005.</i>
<b>PWB Expenditure (PE)</b>	<i>The target figure is the money budgeted to support specific activities, and includes money from stakeholder contributions, central government grants, commercial investment and sponsorship.</i>	<i>The cumulative figure is Positively Wellington Business' expenditure on specific activities in the Wellington region, from its inception in 2001 until end of December 2005.</i>
<b>Return on Investment (= EI/PE)</b>	<i>The target figure is calculated by dividing Economic Impact by PWB Expenditure, to give the dollar benefit generated for every dollar spent by Positively Wellington Business on specific activities.</i>	<i>The cumulative figure is the dollar benefit generated for every dollar spent by Positively Wellington Business on specific activities in the region, from its inception in 2001 until the end of December 2005.</i>
<b>Business Development</b>	<i>Activities include training, business planning assistance and grants facilitation. The economic impact is calculated by taking the value of grants obtained for businesses from government agencies; adding the investments made by the businesses themselves; and multiplying the result by two, to account for additional spin-off benefit in the region.</i>	
<b>Business Incubators</b>	<i>Activities include promotion, resident selection, business mentoring and support, and successful exits. The economic impact is calculated by taking the estimated value of the jobs created (by multiplying number of jobs by \$45,000); adding the total revenue of the resident companies and total capital raised (excluding government or council grants); and multiplying the result by two, to account for additional spin-off benefit in the region.</i>	
<b>Sector Growth</b>	<i>Activities include research, promotion, business cluster facilitation, export assistance, capability development, screen production marketing and support, international education, and funding for Major Regional Initiatives. The economic impact is calculated by taking the estimated revenue to businesses from collaborative bids won and multiplying the result by two; adding total investment in Major Regional Initiatives (including public and private funds) and multiplying the result by 2.4; and adding ten percent of the value of the Wellington region's screen production sector and twenty percent of the value of the Wellington region's international student education sector, to account for PWB's work in attracting and supporting business in these sectors.</i>	

TARGET	CUMULATIVE
<b>Investment Attraction</b>	<i>Activities include research, promotion and investment- related travel. The economic impact is calculated by taking the estimated value of the investments directly influenced by PWB and made in the Wellington region (from elsewhere in New Zealand or overseas), and multiplying the result by two, to account for additional spin-off benefit in the region.</i>
<b>Targeted Migration</b>	<i>Activities include research, promotion and attendance at job fairs. The economic impact is calculated by taking the number of migrants directly supported in their placement in businesses in the Wellington region, and multiplying the number by \$100,000 per migrant.</i>
<p><b>Multipliers and Values</b></p> <ul style="list-style-type: none"> <li>■ <i>BERL has recommended using a conservative multiplier of 2.0 when calculating economic impact that an investment may have on a region. We have applied a 2.0 multiplier to calculate economic impact, unless there is an existing multiplier or value for a specific industry or activity.</i></li> <li>■ <i>The multiplier of 2.4 was used for assessing the economic impact of the Major Regional Initiative which is a soundstage for screen production. This multiplier for the film industry was provided by PriceWaterHouseCoopers.</i></li> <li>■ <i>The value of \$45k is applied to jobs created by residents in the incubator. This figure was derived by information from resident companies.</i></li> <li>■ <i>The estimated value of \$100k is applied to each migrant. In the absence of a commonly agreed value, PWB has applied this multiplier based on values used by other New Zealand Economic Development Agencies.</i></li> <li>■ <i>The total value of screen production conducted in the Wellington region is surveyed annually by Statistic NZ. Figures for the Wellington region are calculated using historical data from SPADA on production spend distribution. PWB has estimated that it either attracts or supports conservatively 10% businesses in this sector through its “Film Wellington” operation.</i></li> <li>■ <i>Using economic multipliers calculated by Infometrics, the total economic impact of the international education sector of the Wellington region is calculated based on annual surveys by Education Wellington International. PWB has estimated that it either attracts or supports conservatively 20% businesses/institutions in this sector through its support of services of Education Wellington International, whose membership accounts for 96% of the industry.</i></li> </ul>	