

AGENDA

Regional Economic Development Service Delivery Working Party Friday 27 November 2020 at 10.30am

Regional Economic Development Service Delivery Working Party Agenda

Meeting to be held in the Council Chamber, Northland Regional Council,
36 Water Street, Whangārei
on Friday 27 November 2020, commencing at 10.30am

Recommendations contained in the agenda are NOT decisions of the meeting. Please refer to minutes for resolutions.

MEMBERSHIP OF THE REGIONAL ECONOMIC DEVELOPMENT SERVICE DELIVERY WORKING PARTY

Chairperson, Councillor Justin Blaikie

NRC Councillor Colin Kitchen

KDC Councillor Anna Curnow

KDC Councillor Peter Wethey

FNDC Councillor John Vujcich

FNDC Councillor David Clendon

Item	Page
1.0 HOUSEKEEPING	
2.0 APOLOGIES	
3.0 DECLARATIONS OF CONFLICTS OF INTEREST	
4.0 REPORTS	
4.1 Northland Inc. Limited: Statement of Intent 2021-2024	3
4.2 Northland Inc. Limited: Appointment of directors	35
4.3 Schedule of meetings for the Regional Economic Development Service Delivery Working Party	41

TITLE: Northland Inc. Limited: Statement of Intent 2021-2024

ID: A1387997

From: Darryl Jones, Economist

Authorised by Ben Lee, GM - Strategy, Governance and Engagement, on 24 November
Group Manager: 2020

Executive summary/Whakarāpopototanga

One the two main purposes of the Regional Economic Development Service Delivery Working Party (Working Party) is to make recommendations to council on Northland Inc. Limited's Statement of Intent 2021-2024 in a timely manner that allows council to fulfil its obligations under the Local Government Act 2002. The purpose of this report is to outline to the Working Party the process by which this will be accomplished and to obtain any initial comments from the Working Party on the issues that could be raised in the letter of expectations which council intends to send to Northland Inc. before the end of the year.

Recommendation

That the report 'Northland Inc. Limited: Statement of Intent 2021-2024' by Darryl Jones, Economist and dated 20 November 2020, be received.

Background/Tuhinga

The Local Government Act 2002 sets out specific requirements for developing a Statement of Intent (SOI) for a council-controlled organisation (CCO), including responsibilities, content and timing (**Attachment 1**). An SOI must be developed each year, with the forecast financial statements covering a three-year period. Northland Inc.'s current SOI for 2020-2023 is attached to this report (**Attachment 2**).

In terms of timing, the three key dates are as follows:

- On or before 1 March: Northland Inc. to provide council with a draft SOI for the financial year beginning 1 July;
- On or before 1 May: council to provide Northland Inc. with comments on the draft SOI; and
- Before 1 July: Northland Inc. must deliver a SOI to shareholders.

To provide direction to Northland Inc. as it prepares its draft SOI for delivery on or before 1 March, council has adopted the practice of providing a letter of expectations to Northland Inc. A letter of expectations is not a legislative requirement but is a practice that has been adopted to improve communication between the shareholder and the CCO. This was one of the steps council took in response to the section 17A review of economic development service delivery undertaken in 2017 (regular quarterly workshops between council and the board of Northland Inc. was another such step taken to improve communication). To provide opportunity for Northland Inc. to consider the comments made in the letter of expectations, council aims to provide this to Northland Inc. before the end of the calendar year.

The letter of expectations sent to Northland Inc. in relation to the current SOI 2020-2023 is attached for reference (**Attachment 3**). Council has begun the process of discussing the points to raise in this year's letter of expectations. The issues that have been raised are summarised in **Attachment 4**.

Consequently, based on the legislative time requirements and the processes adopted by council, the opportunities for the Working Party to make recommendations to council on Northland Inc.'s SOI 2021-2024 are summarised below.

1. Opportunity to input into the letter of expectations:
 - 27 November 2020 – reflections on the initial list of issues to cover; and
 - 8 December 2020 – comments on a draft letter to be provided to the Working Party.
2. Opportunity to input into council comments on the draft SOI:
 - 5 March 2021 – discussion on draft received from Northland Inc.; and
 - 28 March 2021 – comments on a draft letter of comments to Northland Inc. to be provided to the Working Party.

Attachments/Ngā tapirihanga

Attachment 1: Local Government Act 2002 - Clause 64 and Schedule 8 [↓](#)

Attachment 2: Northland Inc. Limited: Statement of Intent 2020-2023 [↓](#)

Attachment 3: Letter of expectations to Northland Inc. Limited for SOI 2020-2023 [↓](#)

Attachment 4: Northland Inc. Limited: SOI 2021-2024 - Initial list of issues to cover in letter of expectations [↓](#)

Reprinted as at
1 November 2020

Local Government Act 2002

Part 5 s 64

Section 60A: inserted, on 22 October 2019, by section 22 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

61 Activities undertaken on behalf of local authorities

Nothing in this Part restricts or limits the application of section 17A to any arrangement or agreement under which a council-controlled organisation undertakes any responsibility on behalf of a local authority, irrespective of whether the local authority is a shareholder of the council-controlled organisation.

Section 61: replaced, on 8 August 2014, by section 19 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

62 Prohibition on guarantees, etc

A local authority must not give any guarantee, indemnity, or security in respect of the performance of any obligation by a council-controlled trading organisation.

Compare: 1974 No 66 s 594ZP

63 Restriction on lending to council-controlled trading organisation

A local authority must not lend money, or provide any other financial accommodation, to a council-controlled trading organisation on terms and conditions that are more favourable to the council-controlled trading organisation than those that would apply if the local authority were (without charging any rate or rate revenue as security) borrowing the money or obtaining the financial accommodation.

Compare: 1974 No 66 s 594ZPA

Council-controlled organisation planning

Heading: replaced, on 22 October 2019, by section 23 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

64 Statements of intent for council-controlled organisations

- (1) Every council-controlled organisation must prepare and adopt a statement of intent in accordance with Part 1 of Schedule 8.
- (2) The purpose of a statement of intent is to—
 - (a) state publicly the activities and intentions of the council-controlled organisation for the year and the objectives to which those activities will contribute; and
 - (b) provide an opportunity for shareholders to influence the direction of the organisation; and
 - (c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.
- (3) The statement of intent—

Part 5 s 64A

Local Government Act 2002

Reprinted as at
1 November 2020

- (a) must not be inconsistent with the constitution of the council-controlled organisation; and
 - (b) may include and apply to 2 or more related council-controlled organisations.
- (4) Every statement of intent of a council-controlled organisation must comply with Part 2 of Schedule 8.
- (5) Every statement of intent of a council-controlled trading organisation must comply with Part 3 of Schedule 8.
- (6) Every statement of intent of a council-controlled organisation that is not a council-controlled trading organisation must comply with Part 4 of Schedule 8.
- (7) All information that is included in a statement of intent under this section must be prepared in accordance with generally accepted accounting practice if that information is of a form or nature for which generally accepted accounting practice has developed standards.
- (8) Despite this section, an organisation that becomes a council-controlled organisation not more than 6 months before the end of a financial year is not required to prepare a statement of intent for that financial year.
- (9) Each shareholding local authority must publish the adopted statement of intent on an Internet site maintained by or on behalf of the local authority within 1 month of adopting it, and must maintain the statement on that site for a period of no less than 7 years.
- (10) A failure by a council-controlled organisation to comply with any requirement of this section, or with any statement in the organisation's statement of intent, does not affect the validity or enforceability of any deed, agreement, right, or obligation entered into, obtained, or incurred by that organisation.

Section 64: replaced, on 22 October 2019, by section 23 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

64A Shareholders may require additional plans

- (1) The shareholders of a council-controlled organisation may require the organisation to prepare and deliver additional plans, including—
 - (a) an asset management plan:
 - (b) a long-term plan:
 - (c) 1 or more thematic plans (for example, a climate change mitigation plan).
- (2) A requirement to provide a plan must be notified to the council-controlled organisation in writing and must specify—
 - (a) the date by which the plan must be delivered to the shareholders; and
 - (b) the matters to be addressed in the plan; and
 - (c) the time period that the plan is to cover.

Schedule 8

Statements of intent for council-controlled organisations

s 64

Schedule 8: replaced, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

Part 1

Adoption of statement of intent

Schedule 8 Part 1 heading: inserted, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

1 Draft statement of intent

- (1) The board of a council-controlled organisation must deliver a draft statement of intent—
 - (a) to its shareholders; and
 - (b) in the case of an organisation that is indirectly controlled by 1 or more local authorities (for example, a subsidiary of a holding company owned by a local authority), to each local authority that indirectly controls the organisation.

- (2) The draft statement of intent must be delivered on or before 1 March in the year preceding the financial year to which the draft statement of intent relates.

Schedule 8 clause 1: replaced, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

2 Consideration of shareholder comments

The board must consider any comments on the draft statement of intent that are made by the shareholders, and by local authorities with indirect control, or by any of them, on or before 1 May in the year preceding the year to which the draft statement relates.

Schedule 8 clause 2: replaced, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

3 Final statement of intent

The board must deliver the completed statement of intent to the shareholders before the commencement of the financial year to which it relates.

Schedule 8 clause 3: replaced, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

4 Shareholding local authority may extend deadlines by up to 1 month

The shareholders of a council-controlled organisation may, by written notice, extend a deadline specified in clause 1(2), 2, or 3 for a period or periods not exceeding in total 1 calendar month.

Reprinted as at
1 November 2020

Local Government Act 2002

Schedule 8

Schedule 8 clause 4: replaced, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

5 Modifications of statements of intent

The board may, by written notice, modify a statement of intent at any time if the board has first—

- (a) given written notice to the shareholders of the proposed modification; and
- (b) considered any comments made on the proposed modification by the shareholders or by any of them within—
 - (i) 1 month after the date on which the notice under paragraph (a) was given; or
 - (ii) any shorter period that the shareholders may agree.

Schedule 8 clause 5: replaced, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

6 Modifications of statements of intent by resolution of shareholders

- (1) The shareholders of a council-controlled organisation may, by resolution, require the board to modify the statement of intent in the manner specified in the resolution.
- (2) Every modification that is required by a resolution under subclause (1) must be—
 - (a) consistent with the objectives of the constitution; and
 - (b) lawful.
- (3) Before making a resolution under subclause (1), the shareholders must consult the board as to the proposed content of the resolution.
- (4) As soon as practicable after receiving a resolution that complies with subclause (2), the board must—
 - (a) prepare and adopt a modified statement of intent that incorporates the modifications in the resolution; and
 - (b) deliver the modified statement of intent to each shareholder within 1 month of the date of its adoption; and
 - (c) make the modified statement of intent publicly available within 1 month of the date of its adoption.
- (5) Subclause (1) applies despite any other provision of this Act or of the constitution of the council-controlled organisation.

Schedule 8 clause 6: replaced, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

Part 2

Content of statements of intent: all council-controlled organisations

Schedule 8 Part 2 heading: inserted, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

7 Content of statement of intent

- (1) The statement of intent for a council-controlled organisation must include the information described in subclause (2)—
 - (a) for the group comprising the council-controlled organisation and its subsidiaries (if any); and
 - (b) in respect of the financial year to which it relates and each of the immediately following 2 financial years.
- (2) The information required by subclause (1) is—
 - (a) the objectives of the group; and
 - (b) a statement of the board's approach to the governance of the group; and
 - (c) the nature and scope of the activities to be undertaken by the group; and
 - (d) the non-financial performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and
 - (e) any additional information that is required to be included in the statement of intent.

Schedule 8 clause 7: replaced, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

8 Additional content of statement of intent

- (1) This clause applies to a council-controlled organisation that provides services, other than under a contract or similar arrangement, in relation to the following groups of activities:
 - (a) water supply;
 - (b) sewerage and the treatment and disposal of sewage;
 - (c) stormwater drainage;
 - (d) flood protection and control works;
 - (e) the provision of roads and footpaths.
- (2) The council-controlled organisation's statement of intent must state the matters in subclause (3) in relation to each group of activities described in subclause (1).
- (3) The matters required by subclause (2) are—
 - (a) any performance measures specified in a rule made under section 261B in relation to a group of activities described in subclause (1); and

Reprinted as at
1 November 2020

Local Government Act 2002

Schedule 8

- (b) the performance target or targets of the council-controlled organisation for each performance measure.

Schedule 8 clause 8: replaced, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

Part 3

Additional content of statements of intent of council-controlled trading organisations

Schedule 8 Part 3 heading: inserted, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

9 Additional content of statement of intent of council-controlled trading organisations

The statement of intent for a council-controlled trading organisation must include, as well as the information required by Part 2 of this schedule, the following information:

- (a) the major accounting policies of the organisation or group; and
- (b) the ratio of consolidated shareholders' funds to total assets, and the definitions of those terms; and
- (c) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and
- (d) the board's estimate of the commercial value of the shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed.

Schedule 8 clause 9: replaced, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

Part 4

Additional content of statements of intent of council-controlled organisations that are not trading organisations

Schedule 8 Part 4 heading: inserted, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).

10 Additional content of statement of intent of council-controlled organisations that are not trading organisations

The statement of intent for a council-controlled organisation that is not a council-controlled trading organisation must include, as well as the information required by Part 2 of this schedule, the following information:

- (a) the major accounting policies of the organisation or group; and
- (b) forecast financial statements of the organisation for the financial year to which the statement of intent relates, and each of the 2 following financial years.

377

Schedule 8	Local Government Act 2002	Reprinted as at 1 November 2020
------------	----------------------------------	------------------------------------

Schedule 8 clause 10: replaced, on 22 October 2019, by section 35 of the Local Government Act 2002 Amendment Act 2019 (2019 No 54).



Overview

Introduction

Economic Development comprises targeted activities and programmes to increase the prosperity of a place; a community, district or region. A key condition that supports economic development is when communities are viewed as attractive places to live, work and play and generate new economic opportunities for themselves. Inclusive growth is economic growth that is distributed fairly across society and creates opportunities for all - enabling people to have the capabilities they need to live lives of purpose, balance, and meaning. Principles of inclusive and equitable growth have become more critical as we enter a phase of economic recovery in Northland post Covid-19 as this will ensure our collective well-being lifts during recovery and emergence.

The tools or resources we have to improve our prosperity and lift our living standards are grouped into four areas – natural capital, financial and physical capital, social capital, and human capital. This is the framework within which we enable economic development in Northland. We acknowledge that environmental sustainability and climate change are important areas of interest for Council and we will continue to support sustainability and climate change resilience through our activity and actions.

Northland Inc will maintain a strong focus on, and commitment to, Māori economic development. We aim to build meaningful partnerships and collaboration to embed Maori Economic Development outcomes into all of our activity.

Our Vision

Northland is one of the most prosperous regions in New Zealand delivering employment and business opportunities for locals in a fair and equitable society balancing economic development with sustainable environmental management.

Our Mission

To strengthen, diversify and grow the Northland economy.

Objectives 2020-2023

1. Advocate and promote the establishment and development of infrastructure that underpins regional economic growth.
2. Attract, facilitate and support investment opportunities in regionally strategic sectors.
3. Promote Northland as a progressive and positive place to visit, do business and live.
4. Provide and facilitate business support services that enable Northland businesses to grow.
5. Increase innovation and entrepreneurship in Northland.
6. Partner with Māori to develop and implement economic development projects for the benefit of Northland.
7. Support tourism product development and infrastructure as enablers of Northland's tourism sector.

To deliver maximum impact, Northland Inc will prioritise activities in four key areas:

1. Lead the post-Covid economic recovery planning for the region:
 - o Work across the region to co-ordinate and lead economic recovery activities

- Develop a long term economic development strategy for the region
- Provide economic intelligence for the region
- 2. Investment and Provincial Growth Fund (PGF) - the PGF is a short-term opportunity which needs to be prioritised for maximum impact:
 - Providing leadership to highlight and drive transformational opportunities
 - Collaborating, leading and supporting ongoing work programmes to ensure impact extends past the life of the PGF
- 3. Engagement Collaboration and Visibility - increase focus on collaboration for the benefit of the region:
 - Improved visibility of progress and outcomes across the region
 - Delivering business advice effectively across the region to support innovation, capacity and capability development
 - Developing clusters, business networks or associations to leverage Northlands key sectors and comparative advantages
 - Empower, support and partner with Māori organisations and businesses
 - Collaborate to leverage resources and funding
- 4. Destination Management and Marketing - Promote the region for visitors, and increase the contribution from visitors through supporting product development and regional dispersal:
 - Aiding the sector to respond to the industry changes imposed by COVID-19 and to coordinate the recovery effort.
 - Improving regional dispersal, length of stay, expenditure and the appeal of off peak travel
 - Co-ordinate, and where appropriate, lead the implementation of an Annual Tactical Marketing Plan

Key Performance Indicators

- ❖ Economic Development Recovery:
 - Development of a long term economic development strategy for the region
- ❖ Investment & PGF
 - 100% of IGR business case decisions are made within 90 days [on hold in 2021 due to funding restrictions arising due to COVID-19]
 - 2 inward delegations hosted (anticipated to be restricted due to COVID-19)
 - Investment recommendations are always accompanied by robust business cases
 - 3 High impact projects are implemented
- ❖ Engagement Collaboration and Visibility
 - 230 unique businesses assisted
 - \$1.0M of NZTE and Callaghan grant funding facilitated
 - 90% of clients Satisfied with service
 - 50 unique Maori businesses assisted
 - \$100,000 of NZTE and Callaghan grant funding facilitated specifically for Maori
 - Orchard occupied at 85%
- ❖ Destination Management and Marketing
 - \$857M visitor spend from target markets, limited to domestic markets at this time
 - \$250,000 industry investment in regional promotion activity
 - \$10M of Equivalent Advertising Value achieved

Financial information

A summary of financial performance is included below.

Income		\$2,942,817
Expenses		
	Projects	\$720,345
	Operations	\$639,766
	Salaries	\$1,581,746
Net Surplus		\$960



Table of Contents

1	Introduction.....	7
2	Context.....	7
3	Nature and scope of activities to be undertaken by Northland Inc	8
4	Performance targets.....	11
5	Shareholders' funds, distributions and the value of shareholders' investment	12
6	Governance	12
7	Accounting policies	13
8	Information to be provided to the Shareholders	13
9	New entries, acquisitions and sales	14
10	Activities for which local authority funding is sought	14
11	Any other matters	14
12	Financial information.....	15
	Appendix A: Northland Inc Accounting Policies	16
	Appendix B: Supporting Information for Northland Inc Statement of Intent.....	17

1 Introduction

The Board of Directors of Northland Inc Ltd (Northland Inc) present this Statement of Intent as a public declaration of the activities and intentions of Northland Inc Ltd in accordance with the requirements of Clause 9 of Schedule 8 of the Local Government Act 2002.

Northland Inc is a Company registered under the Companies Act 1993, a reporting entity for the purposes of the Financial Reporting Act 1993. It is a wholly owned subsidiary of Northland Regional Council (NRC) and, by virtue of their right to appoint directors, is a council-controlled organisation as defined under Section 6 of the Local Government Act 2002. It was established by the Northland Regional Council as their preferred method of delivering economic development services to the region.

Accordingly, Northland Inc is Northland's Regional Economic Development Agency and Regional Tourism Organisation. It also forms part of the Government's Regional Business Partner Network (RBP).

Northland Inc is funded by an operational contribution from NRC and is project funded through other public and private agencies, with central government being the next largest contributor. Northland Inc acknowledges that many parts of the Northland economy could use further support, and is committed to identifying partnerships and collaborations that help to increase funding and resources to support economic growth. Notwithstanding our intent to raise additional funding, our budget as presented reflects confirmed funding sources only. As such, for the sake of conservatism, the activities, workstreams and KPIs included in this document assume no additional funding is achieved.

The organisation is governed by a board of seven directors appointed for three years on a rotational basis (or as otherwise specified from time to time by NRC). The Board Chair is elected by the Directors. Operational activity is led by the Chief Executive Officer. Northland Inc currently has no subsidiaries or joint ventures.

This Statement of Intent is the guiding governance tool and terms of reference for Northland Inc and defines the key performance indicators (KPIs) as agreed by NRC. It outlines the Directors' accountabilities to NRC for corporate performance.

Below is further supporting information (to be read in conjunction with that provided above) required to be included within a Statement of Intent.

2 Context

Northland Inc works with organisations and institutions in Northland and the public and private sectors with a common purpose to grow, strengthen and diversify Northland's economy.

NRC's 2018 Long-Term Plan (LTP) sets out NRC's objectives, community outcomes, values and areas of focus. Collectively this provides a statement about the direction NRC wishes to take in making a meaningful contribution to the region, and this is relevant for guiding Northland Inc's objectives, approach and activities. Northland Inc and NRC have deliberately aligned their objectives for economic development (see Objectives outlined below).

Northland Inc also has regard to the collective objectives of Northland Forward Together, which outlines shared regional aspirations of the four local authorities which incorporate economic development.

In December 2017 government introduced the Provincial Growth Fund (PGF). It has been a critical Central Government policy that Northland Inc had to respond and adapt to. "The New Zealand Government has allocated three billion dollars over a three-year term to invest in regional economic development through the Provincial Growth Fund (PGF)" (*source: growregions.govt.nz*) The PGF is intended to lift productivity in the provinces and to enhance economic development opportunities. It provides a significant opportunity for Northland economic development interventions to be accelerated and we need to ensure our objectives maximise benefit for Northland communities.

Several other government and local initiatives guide Northland Inc's economic development agenda and long-term context for Northland Inc, including;

- Tai Tokerau Northland Economic Action Plan (Action Plan)
- He Kai Kei Aku Ringa (the Crown-Māori joint strategy for Māori economic development); and
- He Tangata, He Whenua, He Oranga, the Tai Tokerau Māori Growth Strategy developed by the Tai Tokerau Iwi CEOs Consortium.

Northland Inc is committed to the principles of 'Inclusive Growth' which are attracting an increasing focus in Economic Development practice worldwide. Central Government has developed the new Living Standards Framework and well-being measures. These foci are strong policy contexts that will influence what and how Northland Inc works. Northland Inc will continue to develop and support economic development strategies and actions that incorporate the principles of Inclusive Growth and look to provide alignment with the living standards framework as it is developed. We strive to ensure fair and equitable outcomes that balance economic development with sustainable environmental management, and will prioritise economic opportunities which support environmental management and climate change.

Principles of inclusive and equitable growth have become more critical as we enter a phase of economic recovery in Northland post Covid-19 as this will ensure our collective well-being lifts during recovery and emergence.

We acknowledge that environmental sustainability and climate change are strong areas of interest for Council and we will continue to reflect this within our activity and actions.

Northland Inc will maintain a strong focus on, and commitment to, Māori economic development. We aim to build meaningful partnerships and collaboration to embed Maori Economic Development outcomes into all of our activity.

3 Nature and scope of activities to be undertaken by Northland Inc

Northland Inc focusses on the following four work programmes to achieve the organisational objectives:

1. Post Covid Economic Recovery – Lead the economic development recovery planning for the region.
2. Investment and PGF – Leveraging economic growth in the region through the strategic co-ordination, management and allocation of available public and private sector funding, including NRC's Investment and Growth Reserve.
3. Engagement Collaboration and Visibility – Focus on collaboration for the benefit of the region and to continually improve the performance, productivity and profitability of Northland businesses; and

4. Destination Management and Marketing (previously called Regional Tourism Office) – Promoting the region for visitors, and increase the contribution from visitors through supporting product development and regional dispersal.

The latter three work programmes from prior years remain consistent post Covid, however we expect in the short to medium term, some re-orientation of effort may be necessary as economic recovery plans develop. We have added a specific work area in regard to leading recovery planning for the region.

The nature and scope of activities relevant to each work program are listed below.

1. Lead the post-Covid economic recovery planning for the region:
 - Work across the region to co-ordinate and lead the economic recovery activities
 - Provide economic development intelligence
 - Develop a long term economic development strategy for the region
 - Assist with project management and delivery of economic response activities (including PGF funded projects)
 - Maintain a delivery structure for the region (Action Plan)
2. Investment and PGF – Leveraging economic growth in the region through the strategic co-ordination, management and allocation of available public and private sector funding, including the PGF and NRC's Investment and Growth Reserve; promoting the region for investment and supporting the implementation of the Action Plan:
 - Actively supporting and facilitating investment in Regionally Strategic Sectors in the Northland economy
 - Delivering a promotional programme to encourage investment and market development of Northland's strategic growth sectors
 - Leveraging the Investment and Growth Reserve to increase investment into the Northland economy [on hold in 2021 due to funding restrictions arising due to COVID-19]
 - Supporting and facilitating the development of new and enabling infrastructure such as UFB, roads, rail and water
 - Deliver the Extension 350 Programme
3. Engagement Collaboration and Visibility – Collaborate for the benefit of the region and continually improve the performance, productivity and profitability of Northland businesses:
 - Delivering business advice effectively across the region to support innovation, capacity and capability development through incubation services and the Regional Business Partnership; New Zealand Trade & Enterprise, Callaghan Innovation and Business Mentors New Zealand
 - Developing clusters, business networks or associations to take advantage of market development opportunities that leverage Northlands key sectors and comparative advantages
 - Building and sharing specialist knowledge through a business events programme and provide opportunities to access a range of capital support mechanisms for Northland businesses

- Engage and partner with iwi, hapū, marae and the Māori community, central government agencies and other entities supporting Maori Economic Development to advance their aspirations in economic development and enable investment, business growth and completion of economic development projects
 - Work with, advocate for and support Māori businesses with their aspirations for growth
4. Destination Management and Marketing – Promoting the region for visitors, and increase the contribution from visitors through supporting product development and regional dispersal:
- Identifying, and where appropriate, assisting with the development of infrastructure, products, services and sub-regional destinations aiding the sector to respond to the industry changes imposed by COVID-19 and to coordinate the recovery effort.
 - Improving regional dispersal, length of stay, expenditure and the appeal of off peak travel particularly through leverage of the Twin Coast Discovery programme as a region wide development framework for tourism
 - Co-ordinate, and where appropriate, lead the implementation of an Annual Tactical Marketing Plan for destination marketing, in alignment with the direction of national tourism organisations and in conjunction with the Northland tourism sector.

In terms of the focus for investment activity, the 'Regionally Strategic Sectors' are:

- Agriculture and Horticulture
- Digital
- Tourism
- Marine

4 Performance targets

Key performance indicators are:

Work Programme	How we will measure	2020/21	2021/22	2022/2023
Economic Development Recovery	Development of a long term economic development strategy for the region	Strategy developed	N/A	N/A
Investment and PGF	Percentage of IGR business case decisions (by the Board) made within 90 days of receiving application [on hold in 2021 due to funding restrictions arising due to COVID-19]	N/A	100%	100%
	Number of inward delegations hosted	2	3	3
	Investment recommendations are accompanied by a robust business case	100%	100%	100%
	Number and value of high impact projects that are implemented	3	3	3
Engagement Collaboration and Visibility	Number of unique businesses assisted (by TA and industry)	230		
	Value of NZTE and Callaghan Innovation grant funding facilitated	\$1.0M		
	Client satisfaction (as measured by Net Promoter Score)	90% (NPS 50)		
	Number of unique Māori businesses assisted (by TA and industry)	50	55	60
	Value of NZTE and Callaghan Innovation grant funding facilitated for Māori businesses	\$100,000	\$110,000	\$120,000
	Orchard occupancy rate	85%	85%	85%
Destination Management and Marketing ¹	Visitor spend from target markets	\$857M	\$900M	\$945M
	Value of industry investment in regional promotion activity	\$250,000		
	Equivalent Advertising Value achieved from destination marketing	\$10M		

Note: Northland Inc has prepared a separate supporting document (Appendix B) which explains the rationale and recording methodology behind each of the Key Performance Indicators.

¹ KPI's for this area are based on estimates of the domestic industry spend based on pre-COVID data and are accordingly lower than prior Sol targets.

5 Shareholders' funds, distributions and the value of shareholders' investment

Shareholders' funds (being retained surpluses plus share capital) at June 2019 was as follows:

	June 2019
Total Assets \$	1,242,311
Total Liabilities \$	1,108,654
Shareholders' Funds \$	133,657
Shareholders' Funds as % of Total Assets	10%

Northland Inc forecasts small surpluses year-on-year. Accordingly, Shareholders' Funds as % of Total Assets will remain approximately at this level.

Northland Inc is not required to make any distributions to NRC as the shareholder.

The value of the shareholders' investment in Northland Inc is estimated by directors to be equal to current shareholders' funds being \$133,657.

6 Governance

The Board will effectively represent and promote the interests of NRC by seeking to fulfil its mandate as described above. The Board will discharge their duties in accordance with Northland Inc's Board Charter.

In undertaking its activities, Northland Inc will seek to:

- Achieve the objectives of NRC, both commercial and non-commercial as specified in this Statement of Intent;
- Demonstrate ethical and good behaviour in dealing with all parties;
- Achieve active partnerships with Māori, and other key stakeholders within the region, promoting effective communication where appropriate;
- Comply with all relevant legislative requirements, including those relating to the principles of the Treaty of Waitangi;
- Maintain an open and transparent approach to decision-making with NRC while respecting the need for commercially sensitive information to be protected;
- Be a good employer; and
- Exhibit social and environmental responsibility.

The Board will adopt the following approach to its fiduciary responsibilities to ensure good governance:

- Prepare a 3-year SOI setting out its strategic goals for agreement with NRC, as shareholder;
- Establish a clear business plan which reflects the agreed SOI;

- Establish a clear performance framework and job description for the Chief Executive Officer;
- Approval of detailed operating, capital and cashflow budgets;
- Attend regular meetings to review performance and progress towards set objectives and budgets; and
- Operation of appropriate Board subcommittees to appropriately manage Risk, Compliance, Remuneration and Board performance.

The Board believes regular communication with NRC is important to ensure good governance. The Board and Chief Executive will use their best endeavours to communicate in a regular and timely manner and ensure that matters are raised so there will be 'no surprises'. Established processes will be maintained to ensure regular contact between the Board, management and NRC, and informal meetings will be encouraged to ensure regular communication flows regarding matters of mutual interest.

7 Accounting policies

The accounting policies that have been adopted are detailed in the company's latest audited financial statements. A copy is included as **Appendix A**.

8 Information to be provided to the Shareholders

Directors will formally report progress against the SOI to NRC quarterly via a written report submitted within six weeks of the end of the 1st and 3rd quarters, and attendance at a Council meeting thereafter as per the NRC schedule.

In compliance with Section 66 of the Local Government Act 2002 the Directors will, within two months after the end of the first half of each financial year, deliver to NRC an unaudited half year report containing:

- a Statement of Performance, Position and Cash flow as at the half year balance date
- financial forecasts for the full year and comparison to approved budgets
- commentary on progress to meeting performance targets and the expected year end position.

In accordance with Clause 2 of Schedule 8 the Directors will deliver a draft SOI to NRC as the shareholder by 1st March of each year for the subsequent three-year period.

In accordance with Clause 3 of Schedule 8 the Directors will deliver a Board approved SOI to NRC as the shareholder on or before the 30th June of each year.

In compliance with Section 67 of Part 5 the Directors will, within three months of the end of the financial year, deliver to NRC an audited Annual Report which meets the requirements of Section 68 and Section 69 of Part 5. In addition, the Annual Report is to contain a declaration by the Board as to the compliance with the Act and specifically that the requirements of Schedule 8 have been met.

9 New entries, acquisitions and sales

Directors may not create any new legal entity, acquire shares or any equity interest in any existing legal entity or sell any interest held by Northland Inc without the specific approval of the NRC as the shareholder.

10 Activities for which local authority funding is sought

Northland Inc reserves the right to seek compensation from time to time for the necessity to provide any service required by the NRC where funding has not been previously agreed.

11 Any other matters

Northland Inc can request NRC hold a confidential Council meeting for discussion about commercially sensitive matters, subject to this request meeting the requirements of section 7(2) of the Local Government Official Information and Meetings Act 1987. Any report submitted by Northland Inc for NRC's formal consideration needs to be accompanied by advice to Council from NRC's Chief Executive.

12 Financial information

A prospective statement of financial performance is included below.

NORTHLAND INC Forecast Prospective Statement of Financial Performance				
Income	20/21 Forecast	21/22 Forecast	22/23 Forecast	Notes
NRC Funding	\$ 1,365,266	1,395,302	1,361,327	
Orchard Income	\$ 144,420	144,420	144,420	
NZTE & Callaghan	\$ 339,531	339,531	339,531	
WDC	\$ 105,000	105,000	105,000	
KDC Kai Hub	\$ 143,600	-	-	
NIF	\$ 59,000	59,000	59,000	
FNDC	\$ -	-	-	
KDC	\$ -	-	-	
I&GR Project Development Fund	\$ -	300,000	300,000	1
Extended Regional Promotions (NRC)	\$ 200,000	-	-	2
Extension 350 Project (NRC)	\$ 100,000	32,600	-	
DMM Website Income	\$ 27,000	27,000	27,000	
International Marketing Group	\$ 37,500	37,500	37,500	
Extension 350 Partner funding	\$ 346,500	211,700	-	
MBIE (Action Plan TTNEAP)	\$ 50,000	-	-	3
Creative HQ	\$ 25,000	-	-	
Total income	\$ 2,942,817	2,652,053	2,373,778	4
Project Expenses				
NIF	\$ 60,000	60,000	60,000	
I&GR Project Development Fund	\$ -	300,000	300,000	
Extension 350 Project Delivery	\$ 298,725	155,220	-	
Business Grow RPB Delivery	\$ 98,620	30,000	30,000	
Total Project Expense	\$ 457,345	545,220	390,000	
Activity Expenses				
Destinational Management & Marketing	\$ 147,000	147,000	147,000	
MED	\$ 109,000	109,000	109,000	
The Orchard	\$ 7,000	-	-	
Total Project Expense	\$ 263,000	256,000	256,000	
Salaries & Overheads				
Salaries	\$ 1,581,746	1,237,171	1,160,246	
Overheads	\$ 639,766	613,326	566,770	
Total Salaries & Overheads	\$ 2,221,512	1,850,497	1,727,016	
Total Expenses	\$ 2,941,857	2,651,717	2,373,016	5
Total Net Surplus	\$ 960	336	762	
Notes 20/21:		Notes 21/22 & 22/23:		
1 - NRC Project Development funding ceased for year		1- Assuming NRC Project Development funding reinstated		
2 - Final year of Extended Regional Promotions funding		4 - Only confirmed funding has been included		
3 - Action Plan funding ceases Sept 20 in accordance		5 - Resources & activity reduced to align with		
4 - Only confirmed funding has been included		funding levels		

Appendix A: Northland Inc Accounting Policies

1. Statement of Accounting Policies

BASIS OF PREPARATION

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (NZ PBE IPSAS with RDR) and other applicable Public Benefit Entity Financial Reporting Standards as appropriate to Public Benefit Entities.

The entity is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and is not large. The entity transitioned to PBE Standard Tier 2 from 1st July 2016.

The financial statements have been prepared in accordance with the Local Government Act 2002, which requires compliance with generally accepted accounting practice in New Zealand ("NZ GAAP"). [LGA. 111].

The entity is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

CHANGES IN ACCOUNTING POLICIES

Previously adopted Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit). The impact of new and amended standards and interpretations applied in the year was limited to additional note disclosures.

Appendix B: Supporting Information for Northland Inc Statement of Intent

Introduction

The Statement of Intent for Northland Inc contains Key Performance Indicators (KPI's). The rationale for choosing the KPI's and the method in which these indicators are reported on is not always clear, and therefore this document provides more detail around the KPI and the method of reporting.

Rationale

KPI's need to have a solid rationale, clear line of site back to the activities of Northland Inc, be simple to understand and be measurable. The KPI's within the Statement of Intent are a mixture of Inputs, Outputs and Outcomes. Some are under the direct control of Northland Inc and some are influenced by Northland Inc activity. It is important to have a least one indicator for each work programme area and where possible a mixture of the different type of indicators. A brief explanation of the rationale for each KPI is provided below.

KPI's

The KPI's are as follows:

(Note these have been numbered for ease of reference within this document)

1. Post Covid Economic Recovery
 - a. Development of a long term economic development strategy for the region
2. Investment and PGF
 - a. Percentage of IGR business case approvals (by the Board) made within 90 days of receiving application
 - b. Number of inward delegations hosted
 - c. Investment recommendations are accompanied by a robust business case
 - d. Number and value of high impact projects that are implemented
3. Engagement Collaboration and Visibility
 - a. Number of unique businesses assisted (by TA and industry)
 - b. Value of NZTE and Callaghan Innovation grant funding facilitated
 - c. Client satisfaction (as measured by Net Promoter Score)
 - d. Number of unique Māori businesses assisted (by TA and industry)
 - e. Value of NZTE and Callaghan Innovation grant funding facilitated for Māori businesses
 - f. Orchard occupancy rate
4. Regional promotion and tourism
 - a. Visitor spend from target markets
 - b. Value of industry investment in regional promotion activity
 - c. Equivalent Advertising Value achieved from destination marketing

Rationale and Methodology for Individual KPI's

- 1.a Rationale: Outcome measure – indicates the region has a long term strategy in place and Northland Inc is central that development and delivery process.
Methodology: long term strategy document completed.

- 2.a Rationale: Output measure – indicates the efficiency within which the project management office receives, processes and outputs work.
- Methodology: Evidence for KPI is Northland Inc Board minutes.
- 2.b Rationale: Input measure – indicates that the region is attractive for inward investment. Suggests that the Landing Pad and regional promotion activity are functioning.
- Methodology: Evidence for KPI is the number of meetings held and details of attendees.
- Inward delegation is a reference to an expression of interest from a reputable company (national or international) who is interesting in investing in the region. The KPI is achieved when Northland Inc participates in the hosting (meeting) of the company's representatives (delegates). Note that often Chinese delegates are hosted jointly with Councils as this is the preferred way to establish a relationship with Chinese culture.
- 2.c Rationale: Outcome measure – measures the quality of the project management office procedures and assessment.
- Methodology: Evidence for KPI is Northland Inc board minutes recording decision to recommend investment (either to Council for the Investment and Growth Reserve or to another investment fund). Note that this KPI is intended to include applications to the Provincial Growth Fund that Northland Inc supports. Evidence of robust business case is that no further work is required on the business case to make a decision.
- 2.d Rationale: Outcome measure – ensures the work area is aligned with the vision and mission.
- Methodology: High Impact projects are projects that are likely to make a significant contribution to their sector in one or more of the following areas: employment, training, GDP, household income, sector strength diversity, research and development. All projects are assessed using standardised internal processes to understand the potential impact/contribution.
- 3.a Rationale: Input measure – measures the volume of work being generated and processed.
- Methodology: Evidence for KPI is recorded in Northland Inc's CRM database. Breakdown of data is presented by TLA and industry.
- 3.b Rationale: Output measure – provides evidence that the engagements in the previous KPI are resulting in positive activity.
- Methodology: Evidence for KPI is recorded in Northland Inc's CRM database. (Recommended that the annual report include comparison against other similar regions)
- 3.c Rationale: Outcome measure – independent verification that the services within this work programme are of success.
- Methodology: A widely used customer loyalty or satisfaction metric used to measure success across NZTE services. It is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others.
- 3.d Rationale: Input measure – measures the volume of work being generated and processed.
- Methodology: Evidence for KPI is recorded in Northland Inc's CRM database. Breakdown of data is to be presented by TLA and industry.

- 3.e Rationale: Output measure – provides evidence that the engagements in the previous KPI are resulting in positive activity.
- Methodology: Evidence for KPI is recorded in Northland Inc's CRM database.
- 3.f Rationale: Outcome measure – indicates the level of support within the Economic Development sector in Whangarei for the Orchard co-working space.
- Methodology: Orchard occupancy rate is based on the percentage hours per week that desk space is occupied for, using a 40 hr working week as standard. Northland Inc and the Chamber of Commerce (both being tenants in the Orchard space) are not included in this calculation.
- 4.a Rationale: Outcome measure – indicates sector wide trends and indicates if the Regional Promotion and Tourism work programme area is achieving change (although not suggesting a direct link)
- Methodology: Visitor spend is recorded through the MBIE monthly regional tourism expenditure estimates. Target markets are Domestic.
- 4.b Rationale: Input measure - Indicates industry support for the work programme area.
- Methodology: Evidence for KPI is recorded through direct payments to Northland Inc for joint marketing activity undertaken and/or payments made to contracted companies for website, media, print material.
- 4.c Rationale: Output measure – indicates direct value add from work programme activity
- Methodology: Equivalent Advertising Value is calculated using standard methods utilised in the public relations and communications industries. These methods measure the size of the coverage gained, its placement and calculates what the equivalent amount of space would cost.



21 January 2020

Sarah Petersen and Murray Reade
Chair and Chief Executive Officer
Northland Inc. Limited
PO Box 1762
Whangārei 0140

Sent by email: sarah@sodagroup.co.nz
murray.reamde@northlandnz.com

Dear Sarah and Murray

NORTHLAND INC. LTD STATEMENT OF INTENT 2020–2023: LETTER OF EXPECTATIONS

The purpose of this letter is, as the shareholders of Northland Inc., to provide you with guidance on council's expectations regarding the development of Northland Inc's forthcoming Statement of Intent (SOI) 2020–2023.

In terms of timing for the SOI development, the statutory deadline requires Northland Inc. to deliver a draft SOI on or before 1 March 2020. We have a quarterly council/Northland Inc. workshop scheduled for 24 March 2020 at which we will be able to discuss the draft SOI. Council will provide its comments back on the draft SOI by 1 May 2020. Northland Inc. is required to deliver a completed SOI on or before 30 June 2020.

Overall, council considers that the current SOI reads well, provides good direction for the organisation and does not require major revision. Nevertheless, in preparing the draft SOI, council would like Northland Inc. to consider the following comments:

- Council was pleased that reference to inclusive growth, the living standards framework and well-being were added to the context section in the current SOI. Council would appreciate more evidence as to how these concepts are being progressed within other sections of the SOI, such as the scope of activities being undertaken.
- With regards to the layout of the SOI, perhaps Section 4 Governance would be better placed before Section 6, and Section 8 Performance targets directly after Section 5 Nature and scope of activities. This would allow the sections outlining the Objectives, Activities and Performance targets to directly flow one after each other.
- In relation to Section 8 Performance targets, council requested last year that the measure relating to the Tai Tokerau Northland Economic Action Plan (TTNEAP) be removed as it did not specifically relate to the performance of Northland Inc. However, as the objective to support and facilitate the implementation of the

 0800 002 004

 www.nrc.govt.nz

 info@nrc.govt.nz

Private Bag 9021, Whangārei 0148



TTNEAP is the only objective that cannot be linked to a performance target, any new thoughts on how a performance target for this objective can be measured would be most welcome.

- The Prospective Statement of Financial Performance budget should be elevated from an appendix to being part of 'Section 13'.
- If the prospective budget contains "Funding TBC" income, then commentary should be provided as to what actions will be taken if this income does not eventuate.

At the March quarterly workshop, council would be very interested in hearing about the findings of the recent review undertaken of how Northland Inc. can best support Māori economic development in Northland and the assessment of options for increasing Northland Inc's regional presence, including the potential for additional Orchard co-working spaces elsewhere in Northland.

Over the next 12 months council will be devoting considerable time and effort to formulating its next Long Term Plan 2021–2031. Council would like to work closely with Northland Inc. in the development of this LTP, including the opportunity to discuss issues such as the level of funding for economic development, the criteria for the Investment and Growth Reserve (IGR), and the objectives and activities of Northland Inc. One of questions for consideration in relation to the objectives and activities is what role Northland Inc. can play in addressing income inequality and poverty in the region.

Climate change, along with environmental sustainability, is a big focus for the new council. We would therefore like to see climate change specifically considered as part of the IGR funding allocation assessments done by Northland Inc.

Council considers that its relationship with the Northland Inc. Board is a collaborative and productive one, and we look forward to engaging positively with Northland Inc. in 2020. Working together, and collaboratively with other parties including the three district councils, central government, Māori and businesses, we can continue to create a strong economy for the region.

Yours sincerely

Penny Smart
Chair

Malcolm Nicolson
Chief Executive Officer

0800 002 004

www.nrc.govt.nz

info@nrc.govt.nz

Private Bag 9021, Whangārei 0148

Northland Inc. Statement of Intent 2021-2024

Initial list of issues to cover in council's letter of expectations

General comments

- Need to incorporate Te Reo into the report
- Reflect outcomes of the Māori economic development review undertaken

Overview (p.2-4)

- Don't think we need – better presentation within main body to show linkages between objectives, activities and key performance measures

Objectives (p.2)

- Incorporate concept of sustainability – or even further, economic growth within the environment
- Consider re-ordering of existing Objectives to align with activity areas
- Whatever changes Northland Inc make to their objectives, need to clearly align with the activity areas

Context (p.7)

- Revise to reflect new government policy, particularly in terms of regional economic development and funding

Nature and scope of activities to be undertaken (p.7-8)

- Incorporate support for the Te Taitokerau Northland Economic Action Plan (TTNEAP) back into the list of activities undertaken
- Consider a better activity title description than “Engagement, collaboration and visibility”

Regionally significant sectors (p.10)

- Better description of “Marine” is required

Performance targets (p.11)

- Differentiate between output and outcome targets, e.g. “Equivalent Advertising Value achieved from destination marketing” and “Visitor spend from target markets”, and have at least one of each for each activity area.
- Developing targets at the district level, or at least provide a commitment to report at that level, e.g. business engagement and value of vouchers issued.

- Rethink the “Visitors spend from target markets” as this currently is just total tourism spending in Northland. Consider perhaps the local of the spending (e.g. by district) or the type of product being purchased.

TITLE: Northland Inc. Limited: Appointment of directors

ID: A1387999

From: Darryl Jones, Economist

Authorised by Ben Lee, GM - Strategy, Governance and Engagement, on 24 November
Group Manager: 2020

Executive summary/Whakarāpopototanga

One of the two main purposes of the Regional Economic Development Service Delivery Working Party (Working Party) is to provide recommendations to council on the appointment of Northland Inc. Limited directors after following a process that is in conformity with council's policy on the appointment of directors to council organisations. To this end, the Working Party has been authorised to serve as the ad hoc appointment committee to recommend to council the appointment of three directors to Northland Inc. for terms to commence 1 July 2021. The purpose of this report is to outline to the Working Party the process by which this will be accomplished and to obtain any initial comments from the Working Party on the process.

Recommendation

That the report 'Northland Inc. Limited: Appointment of directors' by Darryl Jones, Economist and dated 20 November 2020, be received.

Background/Tuhinga

Council's policy for the appoint of directors sets out the procedures that need to be followed in appointing directors to Northland Inc. (**Attachment 1**). The following table outlines the current directors of Northland Inc.

	1 July 2018	1 July 2019	1 July 2020	1 July 2021	2022/23	2023/24
Sarah Peterson (first appointed in 2012/13)	Re-appointed following advertising		Re-appointed on rotation	Term to end on 30 June 2021		
David Crewe	1 st appointed following advertising	Re-appointed on rotation	Resigned		Term to end on 30 June 2022	
Kris MacDonald	1 st appointed following advertising	Re-appointed on rotation			Term to end on 30 June 2022	
Denis Callesen	1 st appointed following advertising		Re-appointed on rotation			Term to end on 30 June 2023
Geoff Copstick	1 st appointed following advertising			Term to end on 30 June 2021		
Jim Makaweo	1 st appointed following advertising			Term to end on 30 June 2021		
Nicole Anderson	1 st appointed following advertising			Term to end on 30 June 2021		

There are currently six directors of Northland Inc., of which the terms of four end on 30 June 2021: Sarah Peterson, Geoff Copstick, Jim Makaweo and Nicole Anderson. Sarah Peterson has already exceeded her current term and is not available for reappointment.

Council is looking to:

- appoint only three directors to return the number of directors back down to five;
- that the three directors are to be appointed via an open advertising process rather than "re-appointed on rotation" basis; and

- directors are to be selected based on the skills they have.

A skills matrix will be used to short list and appoint directors. A draft skills matrix is provided as **Attachment 2**. The advertisement that was used to advertise for directors in early 2018 is provided as **Attachment 3**.

While all six members of the Working Party will be involved in the process of selecting applicants to interview, it is suggested that the Working Party appoint three of its members to serve as the interview panel.

The Working Party will also need to consider the length of appointment offered to the three nominated persons as it will be better to have the terms of no more than two directors coming to an end of any particular year.

Consequently, based on the council's policy for the appointment of directors and processes adopted by council, the opportunities for the Working Party to provide recommendations to council on the appointment of Northland Inc. Limited directors are summarised below:

1. 27 November 2020 – initial reflections on the timetable and process;
2. 8 December 2020 – sign off the skills list and job advertisement, and appointment of interview panel;
3. 5 March 2021 – review and selection of applicants for interview; and
4. 28 March 2021 – receive, discuss and approve recommendations from the interview panel including terms of directors.

Attachments/Ngā tapirihanga

Attachment 1: Policy on the appointment of directors to council organisations (LTP 2018-2028) [↓](#)

Attachment 2: Northland Inc. Limited: Draft Director Skills Matrix [↓](#)

Attachment 3: Northland Inc. director advertisement March 2018 [↓](#)

Policy on the appointment of directors to council organisations

Section 57 of the Local Government Act 2002 ("the Act") requires the council to have a policy on the appointment of directors to its council organisations. As at July 2018, Northland Regional Council wholly or partially owns:

- Northland Inc. Limited;
- Marsden Maritime Holdings Limited; and
- Regional Software Holdings Limited.

Under section 6(4) of the Act, Marsden Maritime Holdings Limited is exempt from being classified as a council-controlled organisation. However, the associated joint venture company Northport Limited is classified as a council trading organisation. Directors of Northport Limited are appointed by the immediate shareholders.

Definitions

"Council organisations" include council-controlled organisations and council-controlled trading organisations. Each of these terms is defined in the Act:

"Council organisation"

A council organisation is any organisation in which the council has a voting interest or the right to appoint a director, trustee or manager (however described). This is a wide-ranging definition, covering a large number of bodies.

"Council-controlled organisation"

A council-controlled organisation is an organisation in which the council, either in its own right or as part of a consortium of local authorities, controls, directly or indirectly, 50 percent or more of the votes or has the right, directly or indirectly, to appoint 50 percent or more of the directors, trustees or managers.

"Council-controlled trading organisation"

A council-controlled trading organisation is a council-controlled organisation that operates a trading undertaking for the purpose of making a profit.

Other relevant legislation/regulation

In addition to this policy, appointments and reappointments to the boards of council organisations are governed by their respective constitutions, trust

deeds or, potentially in some cases, specific legislation. In the event of a conflict, those regulations take precedence over this policy.

Where ownership of council organisations is jointly or severally shared with other entities, governance requirements are established through shareholder agreements or equivalent documentation. Such agreements also take precedence over this policy.

Care should also be exercised to ensure that the appointment of any director will not potentially trigger a breach of the NZX Listing Rules for a listed council organisation, which prohibit the council, as a shareholder, from voting on some shareholders' resolutions.

Waivers to the voting restrictions are available but the potential for breach is most simply avoided by ensuring that an individual director is never concurrently appointed to more than one regional council organisation.

Key principles of this policy

- The objective of this policy is to ensure that the council appointments process selects the best person for the role;
- All appointments will be made through an objective, transparent and accountable process;
- All appointments will be made on the basis of merit; and
- All directors will be appointed on the basis of the contribution they can make to the organisation, not on the basis of representation.

Appointment process

- Vacancies will be advertised unless good reason exists not to. In making a decision to not advertise, the council will consider:
 - The costs of any advertisement and selection process;
 - The availability of qualified candidates;
 - The urgency of the appointment (e.g. a council-controlled organisation that is without a quorum cannot hold a board meeting); and
 - The degree of potential interest, including public interest, in the vacancy.

- The power to decide not to advertise a vacancy is to be delegated to the Chief Executive Officer.
- If circumstances warrant it, the council may call for nominations for appointment.
- An ad hoc committee will be established to consider applications and/or nominations and conduct interviews and make a recommendation on preferred candidate(s) to council. The ad hoc committee shall normally comprise councillors, including the council's shareholder representative for the organisation concerned. Other members may include key stakeholders or any person who has particular knowledge or skills that would be beneficial in the selection process.
- Ad hoc committee members and candidates are required to declare any potential conflicts of interest.

General core competencies

All board members are expected to meet core competencies as well as relevant industry or other technical/specialist skills required for that board.

Person specifications

Nominees for specific vacancies shall be assessed for their particular skills, knowledge and experience.

Other appointment criteria

- In making its selection the council shall have regard to diversity, with a view to the board reflecting Northland demographics, and to ensure governance experience is gained by Northlanders.

Appointment restrictions

- Councillors and council staff should not be appointed as directors, unless good reason exists for exception. For example, where the council organisation is operational in nature and the Northland Regional Council Chief Executive Officer or designated staff member possesses the skills, knowledge and experience required to fulfil the role of a director, then council may appoint that person.
- Staff of the council organisation should not be appointed to its board. In the event a board decides one of its members should fill a vacancy in the organisation, the board member must first resign from their position on the board.

- Any board member applying for employment with the council shall offer to resign from the board immediately following an acceptance of appointment/confirmation of election.
- Any board member who is a candidate in a local body election (or a general election or placed on any political party's list) must offer to stand down from nomination day until the election results are notified.

Where an offer to resign from the board is made, the council will consider whether to accept the offer on a case-by-case basis, considering succession planning and management of conflicts of interest, and any risks stand down poses to the council organisation.

Term of appointment

- Generally, appointments shall be for a three-year term, subject to any review the council considers necessary.
- The council shall generally review the performance of the organisation and its board after the local body elections.
- The maximum number of consecutive terms for any director is normally two, with reappointment exceeding six years to be considered on a case-by-case basis.

Remuneration of directors of council organisations

- Remuneration for directors of council organisations will be determined on a case-by-case basis taking into account:
 - Each specific role;
 - Any existing legal or constitutional requirements;
 - The form and purpose of the organisation; and
 - Any previous level of fees paid by the shareholder.
- Directors are not to undertake consulting work for the organisation under any circumstances.

Removal of directors

Directors may be removed from office according to the specific requirements of the Trust Deed or Constitution and may be subject to additional legislation such as the Local Government Acts 1974 and 2002.

Northland Inc. Ltd

Director skills and experience matrix

Although it is the Board's responsibility to manage the matrix, council has an interest to know that potential directors are assessed according to the following key attributes:

Key attributes Skills and/or experience	HIGH match	MEDIUM match	LOW match
1. Finance, accounting and audit			
2. Shareholder and stakeholder relations			
3. Informed decision making			
4. Health and safety and general risk management			
5. People and culture and reputation			
6. Communication			
7. Knowledge of tikanga Maori			
8. Governance, strategy and leadership			
9. Business acumen			
10. Change management			
11. Crisis management			
12. Understanding of economic development			
13. Awareness of relevant environmental issues			

Note: Only in exceptional circumstances (which should be noted) should a "HIGH" match be recorded where the skills and experience arise solely from an existing directorship with Northland Inc.



Advertisement

Applications for Directors

Northland Inc Ltd

Northland Inc Ltd is a 100% owned Council Controlled Organisation of Northland Regional Council, which is the designated Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Northland region. Northland Regional Council is seeking applications from prospective Directors of Northland Inc Ltd.

Applicants must have a passion for Northland's economic prosperity and proven strategy development skills. They must also have relevant work experience in one or more of the following:

- economic development
- regional tourism development
- investment management
- risk management

Previous directorship experience would be an advantage.

To find out more, including a copy of the person specification, visit our website: www.nrc.govt.nz/jobs. Enquiries should be directed to Malcolm Nicolson, Chief Executive Officer at malcolmn@nrc.govt.nz. Applications in writing, accompanied by curriculum vitae, close at 5.00pm on 19 April 2018 and should be addressed to:

Beryl Steele
Human Resources Manager
Northland Regional Council
Private Bag 9021
WHANGAREI 0148

Telephone: (09) 470 1200
Fax: (09) 470 1202
Email: mailroom@nrc.govt.nz

TITLE: Schedule of meetings for the Regional Economic Development Service Delivery Working Party

ID: A1388081

From: Darryl Jones, Economist

Authorised by Group Manager: Ben Lee, GM - Strategy, Governance and Engagement, on 24 November 2020

Executive summary/Whakarāpopototanga

The following table sets out the proposed schedule of meetings for the Regional Economic Development Service Delivery Working Party (Working Party). Additional meetings of the interview panel will occur between the meeting on Friday 5 March and Tuesday 23 March to interview selected candidates.

This schedule of meetings has been set up to meet the two specific objectives of the Working Party, i.e. input into the Statement of Intent and appointment of directors. It is recommended that the Working Party review the Terms of Reference for the Working Party (**Attachment One**) to determine whether there are any other matters relating to the regional economic development service delivery that they wish to recommend to council that they be requested to provide input on.

Meeting date	Purpose
Friday 27 November 2020	Initial meeting of the Working Party Discussion on Terms of Reference for Working Party
Tuesday 8 December 2020	Quarterly workshop between NRC/Northland Inc. Comments on draft letter of expectation Sign off director appointment process (including interview panel)
Friday 5 March 2021	Comments on draft SOI received from Northland Inc. Shortlisting of director candidates to interview
Tuesday 23 March 2021	Quarterly workshop between NRC/Northland Inc. Comments on draft letter to Northland Inc. containing comments on the draft SOI. Agree on persons to recommend as directors of Northland Inc.

Recommendation

1. That the report 'Schedule of meetings for the Regional Economic Development Service Delivery Working Party' by Darryl Jones, Economist and dated 20 November 2020, be received.
2. That the schedule of meetings for the Regional Economic Development Service Delivery Working Party be agreed.

Background/Tuhinga

Not relevant.

Attachments/Ngā tapirihanga

Attachment 1: Terms of Reference of the Regional Economic Development Service Delivery Working Party [↓](#)

Document approval

Date	Section amended	Approved By
15 September 2020	Original TOR adopted by council.	As per council resolution
20 November 2020	Replaced John Bain with Justin Blaikie	As per council resolution
20 November 2020	Added in names of district council representatives	As provided for in council resolution

Terms of Reference

Regional Economic Development Service Delivery Working Party

Membership

The Regional Economic Development Service Delivery Working Party shall be comprised of two (2) councillors from Northland Regional Council (the council) and two (2) elected members from each of Kaipara District Council and Far North District Council (district councils) as follows:

Chair:	Cr Justin Blaikie
Member:	Cr Colin Kitchen
District council representation:	Two (2) members from each of the two (2) District Councils as follows: Cr John Vujcich, Far North District Council Cr David Clendon, Far North District Council Cr Anna Curnow, Kaipara District Council Cr Peter Wethey, Kaipara District Council

Standing orders do not apply.

Quorum

The quorum for meetings of the working party shall be four (4). District council members count towards a quorum. Each local authority must be represented by at least one (1) member to constitute a quorum.

Purpose and term

Northland Inc. Limited is currently 100% owned by Northland Regional Council. The establishment of this working party does not remove or reduce council's responsibilities as the single shareholder of Northland Inc. Limited.

The working party has been established to assist with the potential transition of Northland Inc. Limited to a jointly owned council-controlled organisation (CCO). This development is being consulted on by the district councils in their Long Term Plan 2021-2031.

The term of the working party will conclude on 30 June 2021.

Vision, mission and areas of focus (Long Term Plan 2018-2028)

Our Northland – together we thrive. Working together to create a healthy environment, strong economy and resilient communities.

The working party will contribute directly to the following areas of focus:

- A strong regional economy
- Efficient and effective service delivery

Objectives

The objectives of the working party are to:

- Make recommendations to council on the appointment of Northland Inc. Limited directors;
- Make recommendations to council on Northland Inc. Limited's Statement of Intent 2021-2024; and
- Make recommendations to council on any other matters relating to the regional economic development service delivery as requested by council.

Responsibilities

The working party is directly responsible and accountable to the council for the exercise of its responsibilities. Written updates will be provided to council as appropriate.

In carrying out its responsibilities, the working party must at all times recognise that primary responsibility for management of the council rests with the Chief Executive.

For reasons of efficiency and/or expediency, should the working party not be able to perform their functions, the council will assume their role and responsibilities.

ROLE AND FUNCTIONS

Council authorises the working party, within the scope of its Terms of Reference, role and responsibilities, to:

1. General

- a) Subject to operating within approved budget allocation - obtain information it needs from the CEO and/or external party (subject to their legal obligation to protect information);
- b) Request the attendance of any employee, subject to the Chief Executive's approval, at meetings of the working party or its working groups;
- c) To regularly report progress on its functions to the council; and
- d) Undertake such other functions as may be delegated by council from time to time.

2. Regional Economic Development Service Delivery

For regional economic development service delivery activities:

- a) Provide recommendations to council on the appointment of Northland Inc. Limited directors after following a process that is in conformity with council's policy on the appointment of directors to council organisations;
- b) Provide recommendations to council on Northland Inc. Limited's Statement of Intent 2021-2024 in a timely manner that allows council to fulfil its obligations under the Local Government Act 2002; and

- c) Attend the quarterly workshop sessions between council and the Board of Northland Inc. Limited.

3. No Delegated Authority – Power to Act

The working party has no delegated authority or power to act.