

**Joint Regional Economic Development  
Committee**  
**Friday 5 April 2024**

# **AGENDA**

## Joint Regional Economic Development Committee Agenda

Meeting to be held in the Council Chamber  
36 Water Street, Whangārei  
on Friday 5 April 2024, commencing at 11.00am

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

### MEMBERSHIP OF THE JOINT REGIONAL ECONOMIC DEVELOPMENT COMMITTEE

Chair (FNDC Councillor), John Vujcich  
Deputy Chair (FNDC), Penetaui Kleskovic      KDC Mayor, Craig Jepson      KDC Deputy Mayor, Jonathan Larsen  
NRC Deputy Chair, Tui Shortland      NRC Chair, Geoff Crawford

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## **Opening Karakia | Karakia Timatanga**

Tukua te wairua kia rere ki ngā taumata

Hei ārahi i ā tātou mahi

Me tā tātou whai i ngā tikanga a rātou mā

Kia mau kia ita

Kia kore ai e ngaro

Kia pūpuri

Kia whakamaua

Kia tina! TINA! Haumi e, hui e, TĀIKI E!

## **Closing Karakia | Karakia Whakamutunga**

Unuhia, unuhia

Unuhia ki te uru tapu nui

Kia wātea, kia māmā, te ngākau, te tinana, te wairua  
i te ara tangata

Koia rā e Rongo, whakairia ake ki runga

Kia tina! TINA! Hui e! Tāiki e!

**TITLE:** Confirmation of Minutes - 23 February 2024

**From:** Meloney Tupou, Maori Governance and Engagement Support Admin

**Authorised by** Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on  
**Group Manager/s:** 02 April 2024

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### Ngā mahi tūtohutia / Recommendation

That the minutes of the Joint Regional Economic Development Committee meeting held on 23 February 2023, be confirmed as a true and correct record.

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### Attachments/Ngā tapirihanga

Attachment 1: JREDC Minutes [↓](#) 

Joint Regional Economic Development Committee  
23 February 2024

## Joint Regional Economic Development Committee Minutes

Meeting held in the Council Chamber  
36 Water Street, Whangārei  
on Friday 23 February 2024, commencing at 10.00am

### **Tuhinga/Present:**

Councillor John Vujcich (Far North District Council)(Chair)  
Councillor Penetaui Kleskovic (Far North District Council)  
Mayor Craig Jepson (Kaipara District Council)  
Deputy Mayor Jonathan Larsen(Kaipara District Council)  
Deputy Chair Tui Shortland (Northland Regional Council)  
Chair Geoff Crawford (Northland Regional Council)  
Jason Marris (Chief Executive, Kaipara District Council and regional  
economic development portfolio lead)

### **I Tae Mai/In Attendance:**

Mayor Vince Cocurullo (Whangarei District Council)  
Councillor Phil Halse (Whangarei District Council)  
Darryl Jones (Economist, Northland Regional Council)  
Avinash Govind (Economic Policy Advisor, Northland Regional Council)  
Gavin Dawson (Governance Specialist, Northland Regional Council)

The Chair declared the meeting open at 10.02 am.  
NRC Deputy Chair Tui Shortland opened the meeting with a Karakia.

### **Ngā Mahi Whakapai/Housekeeping (Item 1.0)**

#### **Ngā whakapahā/Apologies (Item 2.0)**

##### **Moved (Vujcich/Shortland)**

That the apology from Councillor Kleskovic for lateness be accepted.

**Carried**

### **Nga Whakapuakanga/Declarations of Conflict of interest (Item 3)**

Nil.

Joint Regional Economic Development Committee  
23 February 2024

### **Confirmation of Minutes - 30 November 2023 (Item 4.1)**

**Report from Meloney Tupou, Maori Governance and Engagement Support Admin**

**Ngā mahi tūtohutia / Recommendation**

**Moved (Vujcich/Crawford)**

That the minutes of the Joint Regional Economic Development Committee meeting held on 30 November 2023, be confirmed as a true and correct record.

**Carried**

### **Productivity Commission - Presentation on learnings for local government by Dr Ganesh Nana (Item 5.1)**

**Report from Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor**

**Ngā mahi tūtohutia / Recommendation**

**Moved (Shortland/Jepson)**

That the report 'Productivity Commission - Presentation on learnings for local government by Dr Ganesh Nana' by Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor and dated 8 February 2024, be received.

**Carried**

*(Secretarial note: Cr Kleskovic entered the meeting at 10.17 am).*

### **Receipt of Action Sheet (Item 5.2)**

**Report from Darryl Jones, Economist**

**Ngā mahi tūtohutia / Recommendation**

**Moved (Crawford/ Kleskovic)**

That the report 'Receipt of Action Sheet' by Darryl Jones, Economist and dated 8 February 2024, be received.

**Carried**

### **Northland Inc Limited: Statement of Intent 2024-2027 - Draft received from Northland Inc (Item 5.3)**

**Report from Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor**

**Ngā mahi tūtohutia / Recommendation**

**Moved (Shortland/Crawford)**

That the report 'Northland Inc Limited: Statement of Intent 2024-2027 - Draft received from Northland Inc' by Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor and dated 8 February 2024, be received.

**Carried**

Joint Regional Economic Development Committee  
23 February 2024

### **Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway - Additional funding for completion (Item 5.4)**

**Report from Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor**

#### **Recommendation(s)**

##### **Moved (Larsen/Jepson)**

1. That the report 'Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway - Additional funding for completion' by Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor and dated 8 February 2024, be received.
2. That \$10,000 (excluding GST) be allocated as Project Development funding from the Investment and Growth Reserve to Northland Inc Limited to finalise the economic development strategy for Northland.

##### **Carried**

*(Secretarial note: for clarification, the economic development strategy for Northland in the resolution refers to the Te Rerenga document).*

### **Joint delivery of economic development: Documents required for Whangarei District Council participation (Item 5.5)**

**Report from Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor**

#### **Ngā mahi tūtohutia / Recommendation**

##### **Moved (Jepson/Shortland)**

That the report 'Joint delivery of economic development: Documents required for Whangarei District Council participation' by Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor and dated 8 February 2024, be received.

##### **Carried**

### **Northland Inc Limited: Update on activities (Item 5.6)**

**Report from Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor**

#### **Ngā mahi tūtohutia / Recommendation**

##### **Moved (Larsen/Crawford)**

That the report 'Northland Inc Limited: Update on activities' by Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor and dated 8 February 2024, be received.

##### **Carried**

Joint Regional Economic Development Committee  
23 February 2024

**Annual Economic Update for the year ended March 2023 (Item 5.7)**

**Report from Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor**

**Ngā mahi tūtohutia / Recommendation**

**Moved (Jepson/Crawford)**

That the report 'Annual Economic Update for the year ended March 2023' by Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor and dated 8 February 2024, be received.

**Carried**

**Whakamutunga (Conclusion)**

The meeting concluded at 12.11 pm.

Cr Kleskovic closed the meeting with a Karakia.

Unconfirmed

**TITLE:**                    **Receipt of Action Sheet**

**From:**                    Darryl Jones, Economist

**Authorised by**            Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on  
**Group Manager/s:**      02 April 2024

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### **Whakarāpopototanga / Executive summary**

The purpose of this report is to enable the meeting to receive the current action sheet.

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### **Nga mahi tutohutia / Recommendation**

That the action sheet be received.

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### **Attachments/Ngā tapirihanga**

Attachment 1: Action sheet [↓](#) 

**Joint Regional Economic Development Committee - Action Sheet**

Meeting date	Item	Action	Responsible staff	Status	Notes
23-Feb-24	Productivity Commission Northland Inc update of activities Annual economic update	Circulate presentations given by Dr Nana, Northland Inc and Avinash Govind	Darryl Jones	Complete	Presentations circulated by email on 26 February
23-Feb-24	Northland Inc: Statement of Intent 2024	Email JREDC members asking for any further comments on draft to facilitate drafting of shareholder comments for agreement at JREDC meeting on 5 April	Darryl Jones	Complete	Email sent on 27 February. Comment compiled and provided in agenda item 6.1
23-Feb-24	Te Rerenga - additional funding	Provide additional funding to Northland Inc based on decision	Darryl Jones	Complete	Funding provided mid March
23-Feb-24	Joint delivery of economic development: Documents for WDC participation	Revised documents based on discussion at JREDC, and provide to WDC for legal review	Darryl Jones	Complete	Refer to agenda item 6.2



**TITLE: Northland Inc Limited: Statement of Intent 2024-2027 - Shareholder comments**

**From:** Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor

**Authorised by** Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on  
**Group Manager/s:** 02 April 2024

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**Executive summary/Whakarāpopototanga**

At its meeting on 23 February 2024, the Joint Regional Economic Development Committee (Joint Committee) received Northland Inc's draft Statement of Intent (SOI) 2024–2027. The purpose of this report is to enable the Joint Committee to discuss the shareholder comment to be provided back to Northland Inc. It recommends that the Joint Committee delegates responsibility to the Chair to provide the shareholder comment on the draft SOI back to Northland Inc in line with the advice suggested in this report.

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**Recommendation(s)**

1. That the report 'Northland Inc Limited: Statement of Intent 2024-2027 - Shareholder comments' by Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor and dated 18 March 2024, be received.
2. That the Chair of the Joint Regional Economic Development Committee be delegated authority to provide the shareholder comment back to Northland Inc Limited on its draft SOI 2023–2026, in line with comments received on this report.

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**Options**

No.	Option	Advantages	Disadvantages
1	Provide a shareholder comment to Northland Inc on their draft SOI	The Joint Committee clearly convey its thinking to its council-controlled organisation	None
2	Don't provide a shareholder comment	None	An opportunity for the Joint Committee to provide its final input and direction to its council-controlled organisation is missed

The staff's recommended option is Option 1.

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**Considerations**

**1. Climate Impact**

Although there are issues associated with the importance of climate change in Northland Inc's core work and therefore SOI, this decision does not have any climate risks or negative impacts.

## **2. Environmental Impact**

This decision does not have any environmental risks or negative impacts.

## **3. Community views**

There are no community views on this matter that need to be considered.

## **4. Māori impact statement**

Although there are issues associated with Māori economic development in Northland Inc's core work and therefore the SOI, there are no Māori views on the preparation of the shareholder comment that need to be considered.

## **5. Financial implications**

The proposed level of operational funding contained in the draft SOI 2024-2027, coupled with the Project Development budget allocation of \$300K per annum means that there is currently no budgeted funding available for Enabling Investment allocation over the next three years except for unspent Project Development funding. The shareholder comment to Northland Inc's draft SOI 2023-2026 should highlight the need to lower the budgeted level of operational funding requested to allow for some funding to be available for Enabling Investment allocation.

## **6. Implementation issues**

There are no implementation issues. Sending a shareholder comment in April provides adequate time for Northland Inc to consider the issues raised as the final SOI is prepared for delivery by 30 June.

## **7. Significance and engagement**

This matter does not trigger Northland Regional Council's Significance and Engagement Policy.

## **8. Policy, risk management and legislative compliance**

Schedule 8(2) of the LGA 2002 requires the Board of a council-controlled organisation to deliver to its shareholders a draft statement of intent on or before 1 March each year. According to Schedule 8(3), the Joint Committee has until 1 May 2023 to provide shareholder comment back to Northland Inc on the draft SOI. The Board of Northland Inc must deliver a completed SOI back to the Joint Committee by 30 June 2023.

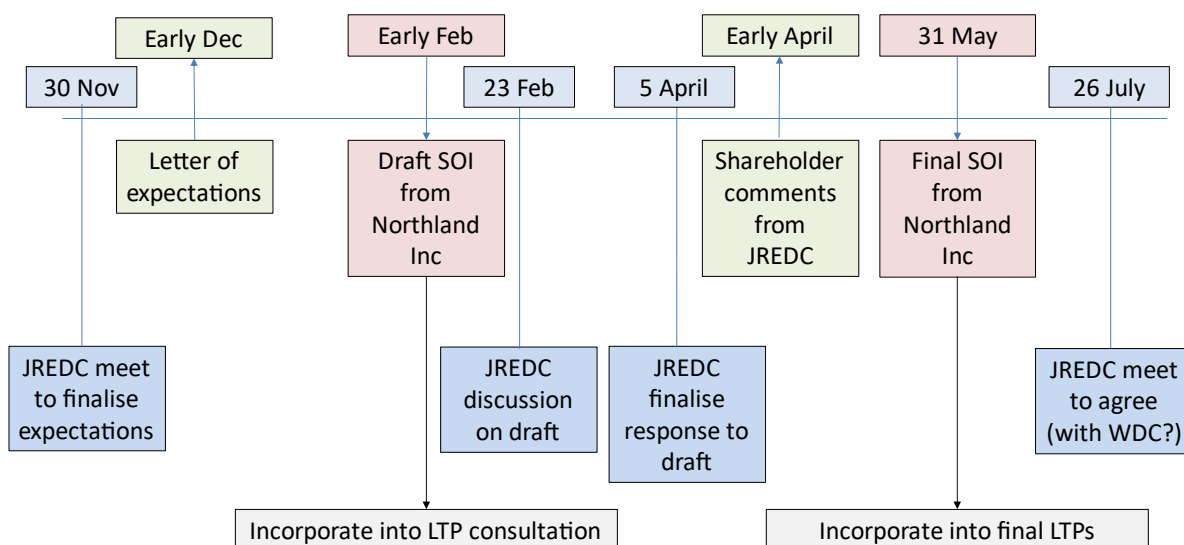
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## **Background/Tuhinga**

According to Schedule 8 from the Local Government Act 2002, CCOs such as Northland Inc are required to provide a Statement of Intent to council or appointed joint committees on an annual basis, outlining their strategic approach and priorities for the next three years. A shareholder comment provides the owners of a CCO the opportunity to give final direction to a CCO as it finalises the SOI.

Under the LGA 2002, the Joint Committee has until 1 May to provide comments back to Northland Inc on the draft SOI. However, because we are looking to coordinate this year's SOI with council's Long Term Plans the shareholder comment on the draft SOI will be further discussed and agreed at the Joint Committee meeting on Friday 5 April 2024. The following figure outlines the process being followed for this year's SOI.

## Timeline for development of Northland Inc's SOI 2024-2027



Based on the discussion at the Joint Committee meeting of 10 March 2023 and further analysis, staff recommend that the shareholder comment to Northland Inc should include the following key points.

Section	Recommended shareholder comment
Introduction	<p>The draft states that the “organisation is governed by a board of six directors appointed for three years...”. This will need to be changed. There will be five directors of Northland Inc as at 1 July 2024 as the Joint Committee has decided to not replace Nicole Anderson when her current term finishes on 30 June 2024.</p> <p>There is no reference to WDC in Northland Inc’s SOI draft. However, the final approved SOI will need to include reference to WDC if they decide to become a shareholder of Northland Inc.</p>
Objectives, Vision and Mission	Support the changes to the vision and mission, and the organisation diagram. However, objectives are set out in the following section and not within this heading.
Enablers, Strategic Pou, Activities and Key Performance	<p><u>General</u></p> <p>Like the grouping together of objectives, activities and KPIs into nine separate areas. For ease of review and to emphasise each area, consider putting each of these nine areas on a separate page.</p> <p>Review the statements under the Objective section for each of the nine areas. Are these all objectives for the specific areas? Some appear to be description of activities.</p> <p>The information provided for each of the nine areas should begin with a brief (one or two sentences) on why this activity is being done and/or how it fits within the overall vision/mission of Northland Inc. For example, explain why Māori economic development has its own area of focus.</p>

Section	Recommended shareholder comment
	<p><u>Specific</u></p> <p>Strategic Pou 2: Tuputupu Grow Northland – suggest the description include a specific reference to farming/farms.</p> <p>Strategic Pou 3: Tourism and Destination Management – suggest the activity to honour our dual heritage be broadened to ensure that all aspects of the region’s rich and diverse history be included.</p> <p>Enabler 1: Innovation &amp; Enterprise – a definition of what a Māori business is would be useful.</p> <p><u>Key Performance Indicators</u></p> <p>In terms of KPIs, review whether all proposed 25 are necessary. This is a large increase over the current 16. One option to reduce would be to provide the information relating to Māori business engagements and value of grant funding and investment facilitated for Māori businesses as additional information, such as the break down provided by TA and industry, rather than as a standalone KPIs. Prioritise maintaining outcome indicators over output indicators.</p> <p>That said, the KPI measures for the environmental sustainability area focus only on climate change issues. Consider how these can be broadened to encompass other environmental issues.</p> <p>The KPI targets should be reviewed to ensure that they are a “stretch” for the organisation.</p>
Governance	<p>Suggest that in undertaking its activities Northland Inc should also consider other cultures and not limit itself to Māori only.</p>
Financial information	<p>It would be useful to include in the table the dollar amounts for the two previous years (an actual and estimate) to enable a better consideration of the operational funding request and understanding of revenue and expenditure trends.</p> <p>Regarding the level of operational funding provided from the Investment and Growth Reserve (row named “CCO Opex”), it is requested that this be reviewed to allow more funding to be available for Enabling Investment allocation. The proposed level of operational funding contained in the draft SOI 2024-2027, coupled with the Project Development budget allocation of \$300K per annum means that there is currently no budgeted funding available for Enabling Investment allocation over the next three years except for unspent Project Development funding.</p> <p>Specifically for 2024/25, if WDC decide to become a shareholder then the proposed level of CCO operational funding is acceptable including a \$105,000 increase to account for the transfer of this funding from WDC to the IGR (previously went directly to Northland Inc). However, if WDC decide not to become a shareholder then the “CCO Opex” value for 2024/25 should be reduced.</p> <p>Whatever starting point for 2024/25, the Joint Committee request that the “CCO Opex” funding amounts for 2025/26 and 2026/27 be increased based on the forecast inflation rate.</p> <p>See further commentary below</p>

Section	Recommended shareholder comment
Other	When using Māori terms in the document, please provide an English meaning, e.g., explain the phrase “Utilise Te Ao Māori/Mātauranga Māori in environment/sustainability Kaupapa.”

Staff recommend that the Chair be delegated authority to provide the shareholder comment to Northland Inc based on these points. Comments provided by the Joint Committee on these points at this meeting will be incorporated into the shareholder comment sent by the Chair.

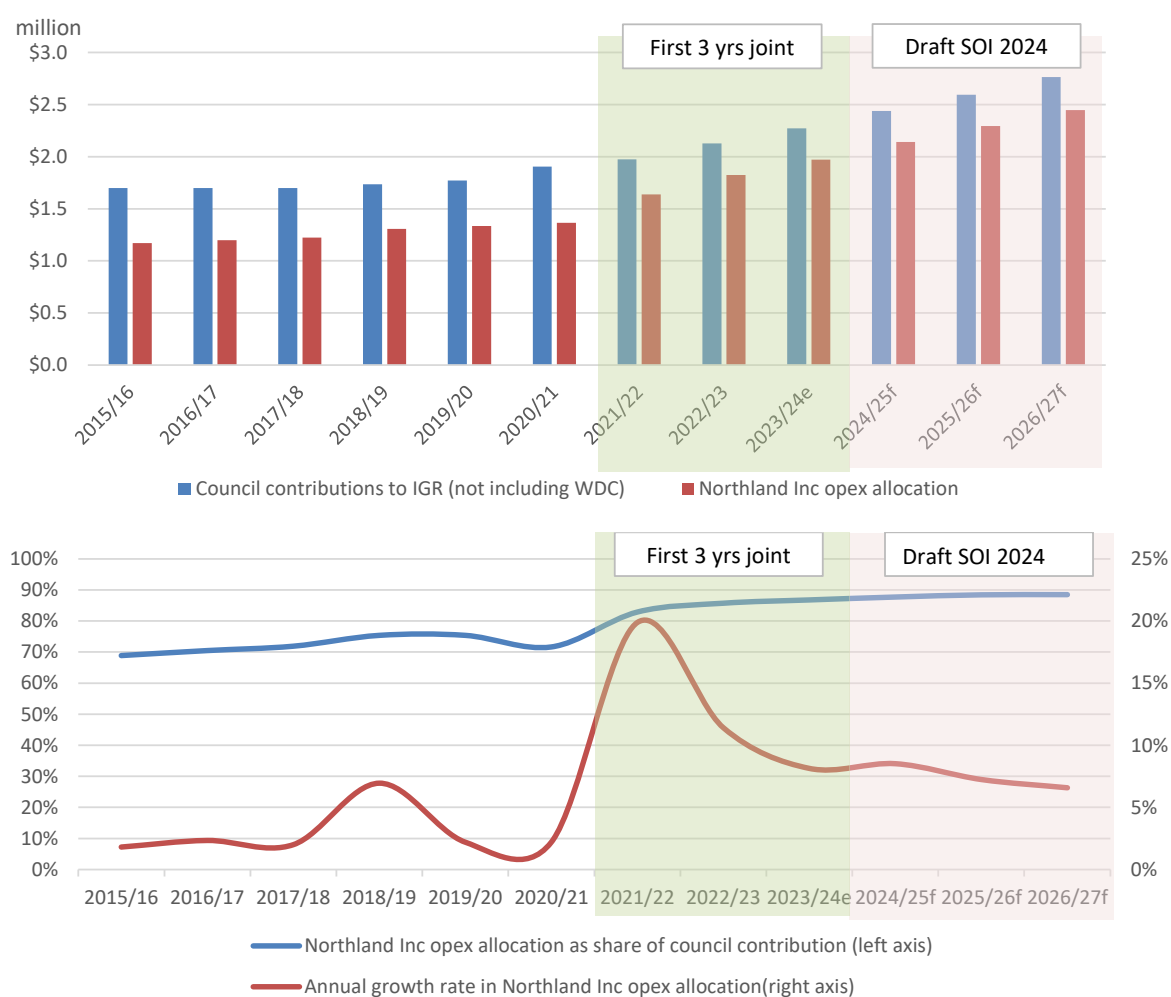
#### **Financial information – further commentary**

Over the six years prior to joint ownership starting 1 July 2021, i.e. from 2015/16 to 2020/21, there was a relatively small increase in both council contributions into the IGR and operational funding provided to Northland Inc from the IGR (Figure 1). The average annual increase in Northland Inc operational funding was 3% during these six years, usually 2% per annum with one large increase of 7% in 2018/19. Northland Inc’s operational funding allocation from the IGR represented 72% of council contributions into the IGR.

In the first three years of joint ownership, i.e. 2021/22-2023/24, there has been a significant rise in both council contributions into and Northland Inc operational funding from the IGR (highlighted in green). The council contribution has increased because of the commitments into the IGR provided by FNDC and KDC. Northland Inc’s operational funding has increased by 13% per annum over this period. This increase in funding was provided to both improve the delivery of services across the region (specifically the large 20% increase in 2021/22) and to offset increased costs associated with high inflation. Consequently, Northland Inc’s operational funding allocation accounted for 85% of council contributions into the IGR over this current three-year period.

The area highlighted in pink represents council contributions into the IGR and the “CCO Opex” amounts set out in the draft SOI 2024-2027 over the next three years, i.e. 2024/25 to 2026/27. The potential funding commitment into the IGR from WDC should they decided to become a shareholder of Northland Inc is not included. Northland Inc is requesting an average increase in operational funding of 7% per annum over this three-year period. The “CCO Opex” funding allocation will represent 88% of council contributions into the IGR.

**Figure 1. Council contributions to and Northland Inc operational funding from the IGR**



## Attachments/Ngā tapirihanga

Attachment 1: Northland Inc draft Statement of Intent 2024 [Download](#) 



**Northland Inc**

Growing Northland's Economy

Kia tupu ai te ōhanga o Te Tai Tokerau

## Tauākī Whāinga Statement of Intent

2024/25 - 2027/28

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## 1 Whakatauhāki

"He pukepuke moana, e ekengia e te waka"  
A choppy sea can be navigated.

The coast is synonymous with Te Tai Tokerau Northland and suggests that although there are challenges, we can overcome them with intent.

## 2 Kupu Whakataki - Introduction

The Board of Directors of Northland Inc Ltd (Northland Inc) present this Statement of Intent (SOI) 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 (the Act).

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 owned by Northland Regional Council (NRC), Far North District Council (FNDC) and Kaipara District Council (KDC), herein referred to as the 'Shareholders'. By virtue of the Shareholders right to appoint directors, Northland Inc is a council-controlled organisation (CCO) as defined under Section 6 of the Local Government Act 2002.

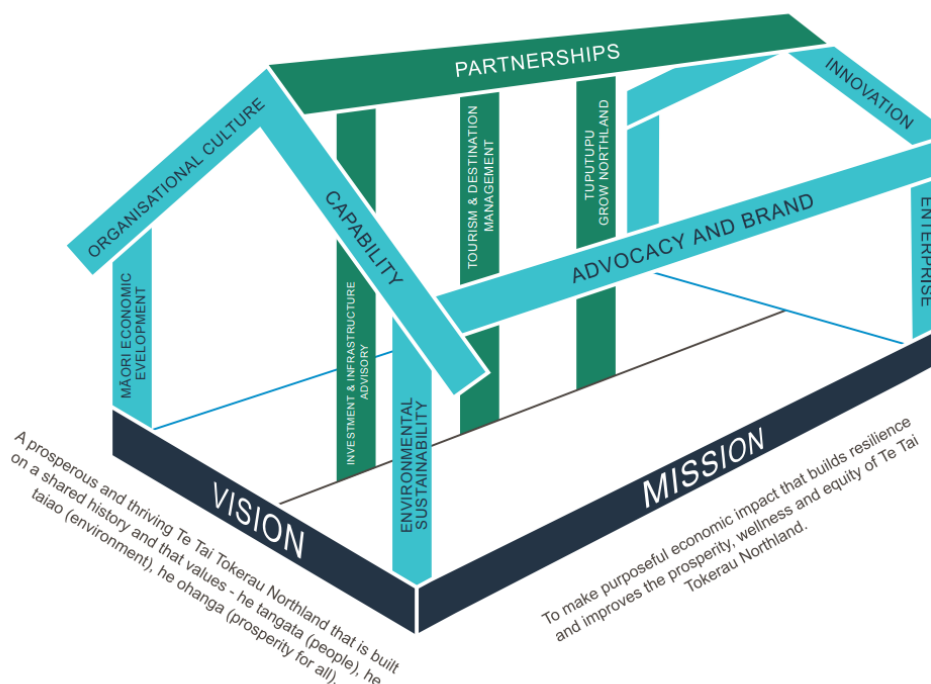
Northland Inc is partially funded by operational contributions from the Shareholders and is project funded through other public and private agencies, with central government being the next largest contributor.

The organisation is governed by a board of six directors appointed for three years (or as otherwise specified from time to time by the Shareholders). The Board Chair is elected by the directors. Operational activity is led by the Chief Executive Officer.

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

### 3 He Pou Mahi – Objectives, Vision and Mission

Northland Inc works with organisations and institutions in Te Tai Tokerau Northland and public and private sectors with a common purpose to identify and focus on those activities and relationships that will strengthen, diversify, and grow Te Tai Tokerau Northland's economy to help support strong communities and environmental sustainability. The figure below is a visual representation of how we approach our work as the combined Economic Development Agency and Regional Tourism Organisation.



#### Tirohanga ki Mua - Vision

A prosperous and thriving Te Tai Tokerau Northland that is built on a shared history and that values - he tangata (people), he taiao (environment), he ohanga (prosperity for all).

#### Te Aronui - Mission

To make purposeful economic development impact that builds resilience and improves the prosperity, wellness and equity of Te Tai Tokerau Northland.

## 4 Enablers, Strategic Pou, Activities and Key Performance

The following pages identify key enablers and strategic pou that make up the organisational strategy. Within each section is also grouped the nature and scope of activities and the key performance indicators – a 'plan on a page' for each section. Enablers are core, supporting or contracted activities while 'Pou' are areas that Northland Inc will be prioritising effort in.

There are three priority areas (Pou) – investment & infrastructure; the primary industry (Tuputupu Grow Northland), and Destination Management (tourism and the management of tourists and tourism products).

There are six Enablers - Innovation & Enterprise (eg the RBP team is a contracted core activity funded by Central Government), Advocacy & Brand, Maori Economic Development, Environmental Sustainability, Partnerships, and Organisational Culture & Capability. These Enablers are part of the 'BAU' of Northland Inc and support ('enable') our activities over a range of sectors and initiatives.

Each section also includes some Regional Outcomes (often macro-economic) which do not form part of the direct and measurable performance framework but are the longer-term regional scale outcomes that we hope to influence as part of our collective approach to regional economic development. Many are outside the direct control of Northland Inc. but the work Northland Inc does contribute to their outcomes.

We are guided by economic models which seek to go beyond just raising GDP. They focus on creating a society that can provide enough materials and services for all while utilising resources in a way that does not compromise our future security and prosperity. They emphasize connecting people to their local environment and hold space for indigenous knowledge. Their social foundation and ecological approach aim to enable a system-shift to a more collaborative, distributive, circular and regenerative future.

## Strategic Pou 1 – Investment & Infrastructure

### Objective:

**Grow investment and business support services such that regional economic activity improves consistently year on year.**

Following assessment and review we will **prioritise activities and business ideas/proposals**, with a view to applying our resources on **focused impactful projects** reflecting the organisational capacity at any time.

Strategically focus on attracting, nurturing, and evaluating a **pipeline of promising investment opportunities** that align with an impact framework. Actively engage in advocating for and securing substantial investments for the region, in collaboration with a range of different investment and delivery partners.

### Activity:

- Credible and proactive in the region linking projects with private investment, Councils and Government & **assisting to de-risk key projects**
- Leverage the **Investment and Growth Reserve** to increase investment into Te Tai Tokerau Northland
- Actively support and **facilitate investment in strategic sectors** (Aquaculture, Agriculture and Horticulture, Digital, Tourism, Ship and Boat Building and Repair Services) in Te Tai Tokerau Northland
- Support and facilitate the development of new and **enabling infrastructure** such as renewable Energy, digital Connectivity, roads, rail, and water
- **Connected with investment providers** into the Region to help direct investment to the most impactful projects
- Credible and proactive voice for the region that is informing Government funding options and influencing priorities
- Well informed on infrastructure challenges and opportunities in Te Tai Tokerau
- Strongly connected at both regional and national levels, joining the dots to ensure equitable investment in infrastructure.

**Key Performance Indicators:**

<b>Outputs</b>	Number of inward delegations hosted.	Target: 3 per annum
	Number of projects actively managed within the investment pipeline	Target 10 per annum
	Number of potential revenue generation opportunities fully investigated	Target 1 per annum
<b>Outcomes</b>	Number of high impact projects that are implemented (reporting by regional strategic sectors).	Target 4 per annum
<b>Additional Regional Outcomes Sought</b>	Positive change in regional economic profile (increase in average household income, productivity, structure of economy)	
	Increase in level of government investment into the region (where possible breakdown by co investment, sector and research / tertiary activity)	
	Increase in the number of filled jobs in the region	

**Strategic Pou 2 – Tuputupu Grow Northland**

**Objective:**

Support and facilitate adaptation and innovation in Northland's primary and associated manufacturing sectors to ensure the people and environment of Tai Tokerau can thrive into the future.

**Activity:**

- Facilitate adaptation and innovation in Northland's primary sector **around land use optimisation through to commercialising new agri-business opportunities** for domestic and export markets.
- Facilitate and enable proposals for commercialisation and value-added manufacturing investment locally
- Support the **Ngawha Innovation and Enterprise Park**
- Collaborative engagements across - central and local government, national and regionally based sector organisations; landowners and supply chain enablers
- Advocate for **world class food and fibre businesses** to be based in and grow out of Te Tai Tokerau.

**Key Performance Indicators:**

<b>Outputs</b>	Projects assisted through stages of growth	Target: 6 per annum
	Number of meaningful engagements and relationships with landowners, businesses, stakeholder that lead to and support positive outcomes	Target 80 per annum
	Number of engagements or established relationships with iwi/hapu groups and other organisations that lead to a positive outcome	Target 8 per annum
<b>Outcomes</b>	Projects supported to project implementation.	Target 3 per annum
	Number of businesses and landowners that as a result of engagement are exploring, developing, leading and delivering on change activity	Target 20 per annum
	Number of Māori organisations that as a result of engagement are exploring, developing leading and delivering on change activity	Target 4 per annum
<b>Additional Regional Outcomes Sought</b>	Positive change in regional economic profile - living standards, productivity and contribution of primary sector to the economy.	

**Strategic Pou 3 – Tourism and Destination Management**

**Objective:**

**Deliver destination management and marketing activity to support a visitor economy** that aims to enhance the distribution of benefits across the region, environmental sustainability, heritage, and culture.

**Position Te Tai Tokerau Northland** within target markets as a desirable place to visit.

### Activity

- Lead the **Destination Management Plan (DMP)** in partnership with relevant stakeholders, industry, iwi and hapū.
- Facilitate regional investment through **sector collaboration groups, marketing the region nationally and internationally**, and providing targeted business support for tourism operators.
- Play a key role in attracting direct investment into the region **for infrastructure to support tourism** and support the development of sustainable pathways for businesses operating in the region.
- **Honour dual heritage and Māori story telling traditions** by supporting stories told by those who have the right to tell them. A strong partnership approach with iwi, hapu, Māori tourism operators and landowners are the basis for growing this portion of the market.
- Improve 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 Regional Tactical Marketing Plan** for destination marketing, in alignment with the direction of national tourism organisations and in partnership with the Te Tai Tokerau Northland tourism sector

### Key Performance Indicators:

<b>Outputs</b>	Number of <b>destination marketing campaign initiatives</b> to generate national exposure to the region (reporting will include number of businesses that are engaged in the campaign)	Target: 1 campaign per annum
	Number of engagements or established relationships with iwi/hapu groups and other organisations that lead to a positive outcome	Target 8 per annum
<b>Outcomes</b>	Number of <b>Destination Management Plan</b> initiatives completed in partnership with stakeholders.	Target (per annum) 2024/25: 6 2025/26: 7 2026/27: 8
<b>Additional Regional Outcomes Sought</b>	Dispersal of tourism activity into the region measured through the accommodation data programme.	
	Tourism activity in the region measured through TECT (electronic transactions indicating tourism spend)	

### Enabler 1 – Innovation & Enterprise

#### Objective:

**Support SME's and Start Ups who want to start or grow their business in Northland.**

As well as helping owners and entrepreneurs to identify their next move, **we also provide a front door for them into the many central government programmes, services and funding available to them.**

We seek to **partner with others** to deliver this service most effectively.

**Activity:**

- Support **SME's and Start Ups on their business growth journey**
- Work with Government and other Stakeholders to **deliver funding, innovation, R&D and business support programmes into Tai Tokerau**
- Contribute towards Tai Tokerau Northland's journey towards a more innovative, digital and technologically advanced environment that supports our core and developing industries
- **Deliver 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
- Develop clusters, business networks or associations to take advantage of market development opportunities that leverage Te Tai Tokerau Northland's key sectors and comparative advantages.
- Build and sharing specialist knowledge through a business events programme and providing opportunities to access a range of capital support mechanisms for Te Tai Tokerau Northland businesses.
- 

**Key Performance Indicators:**

<b>Outputs</b>	Number of unique business engagements assisted (reporting by TA and industry)	Target: 250 per annum
	Proportion of those business engagements that are Māori (by TA and industry)	Target 2024/25: 35% 2025/26: 40% 2026/27: 45%
<b>Outcomes</b>	Client satisfaction with businesses assistance provided by Northland Inc as measured by Net Promoter Score.	Target Annual net promoter score >50
	Value of grant funding and investment facilitated for Māori businesses.	Target (per annum) 2024/25: \$130k 2025/26: \$140k 2026/27: \$140k
<b>Additional Regional Outcomes Sought</b>	Positive change in regional economic profile (living standards, productivity, structure of economy)	
	Increase in the number of filled jobs in the region	
	Sustaining the number of business units in the region	

**Enabler 2 – Advocacy and Brand**

**Objective:**

**Advocate for Te Tai Tokerau Northland** to improve the economic well-being of the region to help support strong communities and environmental sustainability.



**Develop and improve the profile of economic development and of Northland Inc** to ensure that Te Tai Tokerau Northland understands and values the efforts of Northland Inc.

**Activity:**

- Northland Inc is proactive and well informed on both the challenges and opportunities in Te Tai Tokerau and is **acknowledged as regional leader in impactful economic development**.
- **A respected voice for the region and a credible source for central and local government** to understand the regional context and to prioritise investment, policy settings and decisions on key economic opportunities.
- Uses powerful communications and **a well-connected network** to improve the reputation and visibility of the region while advocating for its needs.
- Leads the implementation of the regions **long-term Economic Development Strategy** for Te Tai Tokerau (Te Rerenga)
- Facilitates the **Tai Tokerau Economic Action Plan (TTNEAP) for the region**
- Provides economic development intelligence and insights
- Assists with project management and delivery of economic response activities

**Key Performance Indicators:**

<b>Outputs</b>	Number of regional economic development updates or reports released	Target: 6 per annum
<b>Outcomes</b>	Number of media features that profile the region	Target 24 per annum
	Number of media activity that references Northland Inc	Target 52 per annum
<b>Additional Regional Outcomes Sought</b>	Active support from Central Government and other partners into Northland	
	Positive change in the profile of economic development and Northland Inc	

**Enabler 3 – Maori Economic Development (“Āe Mārika”!)**

**Objective:**

**Assist strategic partners in the Māori Economic Development economy** with their high impact Māori economic development projects across all levels, with a specific focus on **improving capacity and capability** of those with whom we partner with for delivery.

**Respect and implement the principals of Te Tiriti O Waitangi**, which support meaningful partnership with Māori.

**Implement of our internal capability pathway – He Korowai Manawanui** – a two-year programme working on our organisational culture towards elevating the importance of Māori Economic Development and becoming a better partner for Māori with a genuine understanding of Tikanga and Te Ao Māori.

**Activity:**

- **Support tangata whenua** to develop and implement their own visions and economic development plans.
- **Partner with Maori organisations to deliver services** to Maori businesses
- Connect into **existing local and national** Māori Economic Development activity and strategies that will support Te Tai Tokerau.
- Engage and partner with iwi, hapū, marae and the Māori community, central government agencies and other entities supporting Māori 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, trusts and entities with their aspirations for growth
- Build a competent team (Northland Inc and partners) that operates as Te Tiriti based partners to support iwi, hapu, whānau and pakihi in achieving their economic development goals.
- Engage with MBIE on the continual improvement of the RBP delivery into the Maori Economy.

**Key Performance Indicators:**

<b>Outputs</b>	Number of iwi/hapū groups and other Māori organisations, e.g. marae, land trusts, etc. actively supported.	Target: (per annum) 2024/25: 18 2025/26: 20 2026/27: 22
<b>Outcomes</b>	Proportion of Māori organisations that are satisfied with Northland Inc support	Target (per annum)  2024/25: >80% 2025/26: >85% 2026/27: >90%
<b>Additional Regional Outcomes Sought</b>	Reduction in Māori unemployment rate in Northland.	
	Increase in average weekly income for Māori	

**Enabler 4 – Environmental Sustainability**

**Objective:**

Help prepare Northland businesses to reduce their emissions by partnering to provide support and practical programmes; and take an environmental sustainability focus when assessing all active projects.

**Activity:**

- Support Northland businesses to meet climate adaptation targets set by Central Government through access to appropriate information and tools
- Partner to provide support to Northland businesses with practical programmes
- Use an environmental sustainability focus for all active projects
- Assessing the environmental aspirations of businesses and projects
- Utilise Te Ao Māori/Mātauranga Māori in environment/sustainability Kaupapa.
- Have environmentally sustainable business practices within Northland Inc.

**Key Performance Indicators:**

<b>Outputs</b>	Number of businesses and organisations supported to improve their climate resilience journey.	Target: (per annum) 2024/25: 20 2025/26: 30 2026/27: 40
	Proportion of projects funded through Project Development that have identified their pathway to low emissions.	Target (per annum) 2024/25: 80% 2025/26: 100% 2026/27: 100%
<b>Outcomes</b>	More Northland businesses taking action to reduce their emissions  Northland Inc is supporting businesses to meet climate adaptation targets set by Central Government	Target As above
<b>Additional Regional Outcomes Sought</b>	Reduction of total greenhouse gas emissions per unit of GDP in Northland	In June 2019, with the Climate Change Act 2008 (2050 Target Amendment) Order 2019, the Government committed to a 100% reduction of greenhouse gas emissions by 2050 compared with 1990 levels. This is referred to as the net zero target.

**Enabler 5 – Partnerships**

**Objective:**

**Develop and nurture high trust partnerships across the region with those who have the capability to positively impact economic development outcomes across Te Tai Tokerau.**

**Northland Inc is a trusted and valuable organisation to partner with** that develops initiatives that have visible and measurable impact and generates positive economic development outcomes

**Expand these partnerships** leading to increased opportunities and resilience, creating a stronger, interconnected region.

**Activity:**

- **Develop and maintain** high trust partnerships with stakeholders who impact economic development outcomes across Te Tai Tokerau.

- Northland Inc is embedded within a network of relationships that bring capabilities and contributions to key projects with shared interests
- **Partnership activity spread** across Central Government, Local Government, business communities, investors and other stakeholders

**Key Performance Indicators:**

Not applicable (covered by other KPI's)

**Regional Outcomes Sought:**

Not applicable (covered by other Regional Outcomes)

**Enabler 6 – Organisational Culture & Capability**

**Objective:**

**Uphold an internal culture** where our team are respectful and supportive of one another; our histories, our whānau, and our aspirations.

**Our culture is supportive**, encouraging and positive - supporting our people and their livelihoods.

**Our capability is performance focused, fit for purpose** and within resource available.

**Activity:**

- Have quality resource that supports capability uplift in staff skills.
- Capability to deploy impact or surge capacity in times of crisis or emergency response and have a strong network of operational partners that can activate as opportunity or needs arise.
- Well-connected across the region; understands our local economy and employs highly skilled networked people.
- Attract, retain and grow appropriate talent aligned to our culture and capability needs.
- Culture of being performance and outcome driven, encouraging professional development, and personal wellbeing.

**Key Performance Indicator:**

Not applicable (covered by other KPI's)

**Regional Outcomes Sought:**

Not applicable (covered by other Regional Outcomes)

## 5 Ngā hua mō ngā Kaipūpuri Shareholders' funds, distributions and the value of shareholders' investment

Shareholders' funds (being retained surpluses plus share capital) 30 June 2023 was as follows:

	30 June 2023
Total Assets \$	2,346,086
Total Liabilities \$	2,154,512
Shareholders' Funds \$	191,574
Shareholders' Funds as % of Total Assets	8.16

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 its Shareholders.

The value of the shareholders' investment in Northland Inc is estimated by directors to be equal to current shareholders' funds being \$191,434.

## 6 Kaiwhakaruruhau - Governance

The Board will effectively represent and promote the interests of its Shareholders 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 to:

- Achieve the objectives of its Shareholders, 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 its Shareholders while respecting the need for commercially sensitive information to be protected;
- Be a good employer; and
- Hold itself to the highest standards of 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 its Shareholders, 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 its Shareholders 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 its Shareholders, and informal meetings will be encouraged to ensure regular communication flows regarding matters of mutual interest.

## 7 Ngā kaupapa here kaute - 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 Ngā kōrero hei tuku ki ngā Kaipūpuri - Information to be provided to the Shareholders

Directors will formally report progress against the SOI to its Shareholders quarterly via a written report submitted within six weeks of the end of the 1<sup>st</sup> and 3<sup>rd</sup> quarters, and attendance at Joint Regional Economic Development Committee or Council(s) meetings thereafter as scheduled by Shareholders.

In compliance with Clause 66 of Part 5 of the Act the Directors will, within two months after the end of the first half of each financial year, deliver to its Shareholders an unaudited half year report containing:

- a Statement of financial 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 Section 2 of Schedule 8 of the Act the Directors will deliver a draft SOI to its Shareholders as the shareholder by 1 March of each year for the subsequent three-year period.

In accordance with Section 3 of Schedule 8 of the Act the Directors will deliver a Board approved SOI to its Shareholders as the shareholder on or before the 30 June of each year.

In compliance with Clause 67 of Part 5 of the Act the Directors will, within three months of the end of the financial year, deliver to its Shareholders an audited Annual Report which meets the requirements

of Section 68 and Section 69 of Part 5 of the Act. 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 Ngā urunga, ngā whiwhinga me ngā hokonga hou - New entities, 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 Shareholders as the shareholder.

## **10 Kia rapu pūtea nō ngā Kaunihera mō wēnei take - 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 its Shareholders where funding has not been previously agreed.

## **11 Wētahi atu take - Any other matters**

Northland Inc can request its Shareholders hold a confidential meeting of the Joint Regional Economic Development Committee or Council(s) 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 formal consideration by its Shareholders should be accompanied by advice from their management.

## 12 Whakamaramatanga-a-pūtea - Financial information

A prospective statement of financial performance is included below.

NORTHLAND INC Forecast Prospective Statement of Financial Performance			
	Forecast 24/25	Forecast 25/26	Forecast 26/27
<b>Income</b>			
<b>BAU</b>			
CCO Opex	\$ 2,140,000	\$ 2,295,000	\$ 2,446,000
IGR Project Development	\$ 110,000	\$ 110,000	\$ 110,000
MBIE RBP	\$ 369,063	\$ -	\$ -
WDC	\$ 105,000	\$ 105,000	\$ 105,000
Orchard Income	\$ 184,020	\$ 184,020	\$ 184,020
Website Income	\$ 15,000	\$ 15,000	\$ 15,000
<b>Total BAU Income</b>	<b>\$ 2,923,083</b>	<b>\$ 2,709,020</b>	<b>\$ 2,860,020</b>
<b>BAU Expenses</b>			
Investment - IGR Project Development	\$ 110,000	\$ 110,000	\$ 110,000
Business Grow - awards	\$ 12,000	\$ 12,000	\$ 12,000
RBP Partnership	\$ 75,100	\$ -	\$ -
The Orchard	\$ 7,000	\$ 7,000	\$ 7,000
Destination Management & Marketing	\$ 150,000	\$ 150,000	\$ 200,000
Salaries	\$ 1,731,391	\$ 1,499,591	\$ 1,544,527
Overheads	\$ 751,874	\$ 751,874	\$ 751,874
<b>Total BAU Expenses</b>	<b>\$ 2,837,366</b>	<b>\$ 2,530,465</b>	<b>\$ 2,625,401</b>
<b>Strategic Projects Income</b>			
Whariki	\$ 235,000	\$ -	\$ -
Resilience	\$ 100,000	\$ -	\$ -
<b>Strategic Project Reserves</b>			
Resilience	\$ 24,375	\$ -	\$ -
Whariki	\$ 235,000	\$ -	\$ -
<b>Total Strategic Projects Income</b>	<b>\$ 594,375</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Strategic Projects Expenses</b>			
Whariki Activities	\$ 151,095	\$ -	\$ -
GN	\$ 90,000	\$ 50,000	\$ 60,000
Strategic Salaries	\$ 290,349	\$ 30,000	\$ 70,000
Overheads	\$ 52,931	\$ -	\$ -
<b>Total Strategic Project Expenses</b>	<b>\$ 584,375</b>	<b>\$ 80,000</b>	<b>\$ 130,000</b>
<b>Total Income BAU &amp; Strategic Projects</b>	<b>\$ 3,517,458</b>	<b>\$ 2,709,020</b>	<b>\$ 2,860,020</b>
<b>Total Expenses BAU &amp; Strategic Projects</b>	<b>\$ 3,421,741</b>	<b>\$ 2,610,465</b>	<b>\$ 2,755,401</b>
<b>Total Net Surplus/Deficit</b>	<b>\$ 95,717</b>	<b>\$ 98,555</b>	<b>\$ 104,619</b>
<b>Other Income/Expenses</b>			
<b>NIEP</b>			
IGR Project Development	\$ 190,000	\$ 190,000	\$ 190,000
Tenant Income confirmed	\$ 80,000	\$ 80,000	\$ 80,000
<b>Total NIEP Income</b>	<b>\$ 270,000</b>	<b>\$ 270,000</b>	<b>\$ 270,000</b>
<b>NIEP Expenses</b>			
Overheads	\$ 278,495	\$ 280,000	\$ 280,000
Salaries	\$ 79,590	\$ 81,988	\$ 84,437
<b>Total NIEP Expenses</b>	<b>\$ 358,085</b>	<b>\$ 361,988</b>	<b>\$ 364,437</b>
<b>Total Net Surplus/Deficit Other Income/Expenses</b>	<b>-\$ 88,085</b>	<b>-\$ 91,988</b>	<b>-\$ 94,437</b>
<b>Total Net Surplus/Deficit</b>	<b>\$ 7,633</b>	<b>\$ 6,567</b>	<b>\$ 10,182</b>



## Appendix A: Ngā Kaupapa Here Kaute - 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.

**TITLE: Joint delivery of economic development: Proposed amendments to documents for Whangarei District Council participation**

**From:** Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor

**Authorised by** Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on  
**Group Manager/s:** 02 April 2024

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### **Executive summary/Whakarāpopototanga**

Whangarei District Council (WDC) are consulting, as part of their Long Term Plan (LTP) 2024-2034, on the matter of becoming a shareholder in Northland Inc and contributing to the Investment and Growth Reserve (IGR) for an initial period of two years, with further financial contributions subject to a review of the benefits (**Attachment 1**).

The purpose of this report is to seek agreement from the Joint Regional Economic Development Committee (Joint Committee) on changes to the documents associated with WDC becoming a joint and equal shareholder of Northland Inc, and to request that their respective councils agree to these changes. This request for agreement will only be put forward to the respective shareholder councils if WDC agree to become a shareholder of Northland Inc as part of their deliberation process. It is considered prudent to agree to the necessary documentation now so that the transition to WDC participation in the joint ownership of Northland Inc and the other matters associated with the joint delivery of regional economic development services between the councils can occur as quickly as possible following the adoption of the Long Term Plans (assuming a positive deliberation decision is made).

Changes are required to three documents: the Shareholders' Agreement for Northland Inc Limited (**Attachment 2**), the Terms of Reference for the Joint Regional Economic Development Committee (**Attachment 3**) and the Criteria and Procedures for the Allocation of funding from the Investment and Growth Reserve (**Attachment 4**). This third document required Northland Regional Council decision only. In addition, and at the same time, all councils will need to agree to the appropriate sale and purchase documents.

Agreement from the Joint Committee is also sought on making a submission on WDC's LTP 2024-2034 consultation document supporting the option of becoming a joint and equal shareholder of Northland Inc and requesting that the initial period of funding commitment be for three years.

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### **Recommendation(s)**

1. That the report 'Joint delivery of economic development: Proposed amendments to documents for Whangarei District Council participation' by Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor and dated 18 March 2024, be received.
2. That subject to Whangarei District Council agreeing as part of their Long Term Plan 2024-2034 deliberation decision that they will become a joint and equal shareholder of Northland Inc Limited:
  - a. That the changes to the Shareholders' Agreement for Northland Inc Limited and the Terms of Reference for the Joint Regional Economic Development Committee as set out in Attachment 1 and Attachment 2 respectively of agenda item 5.4 be provided to each of the three current shareholder councils, being Northland

Regional Council, Far North District Council and Kaipara District Council, and Whangarei District Council for their agreement in June so that Whangarei District Council joint ownership of Northland Inc can commence on 1 July or as soon after.

- b. That each of the three current shareholder councils also agree at the same time to the necessary documentation to sell shares to Whangarei District Council, being a Share Sale and Purchase Agreement and a Share Transfer Form.
  - c. That the Northland Regional Council be requested to agree to the changes in the Criteria and procedures for the allocation of funding from the Investment and Growth Reserve
3. That a submission be made to Whangarei District Council (WDC) supporting the option of becoming a shareholder of Northland Inc and contributing to the Investment and Growth Reserve, and requesting that WDC's initial financial commitment be for a period of three years as opposed to two years only.
  4. That the Chair of the Joint Regional Economic Development Committee be delegated authority to make this submission.

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### Options

No.	Option	Advantages	Disadvantages
1	Agree to the changes in the documentation	Establishes the necessary documentation for WDC to become a joint and equal shareholder of Northland at the beginning of the 2024/25 financial year	None
2	Don't agree to the changes in the documentation	Allows WDC's formal LTP consultation process to be completed	Delays the possibility of WDC becoming a joint and equal owner of Northland Inc until later in the 2024/25 financial year

The staff's recommended option is Option 1.

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### Considerations

#### 1. Climate Impact

This decision does not have any climate risks or negative impacts.

#### 2. Environmental Impact

This decision does not have any environmental risks or negative impacts.

#### 3. Community views

There are no community views on this decision that need to be considered. WDC are consulting on becoming a shareholder of Northland Inc as part of their Long Term Plan 2024-2034 consultation document. The current shareholder of Northland Inc/members of the Joint

Committee consulted on becoming joint and equal owners of Northland Inc in their respective Long Term Plans 2021-2031.

#### **4. Māori impact statement**

Māori have not been engaged in the preparation of this report and there are no known particular impacts on Māori which are different from the general public.

#### **5. Financial implications**

There are no financial costs associated with this decision. WDC are consulting on providing additional funding into the Investment and Growth Reserve which will enhance the ability of the Joint Committee to support economic development initiatives and activities in the region.

#### **6. Implementation issues**

Making this decision puts in place the necessary documentation for WDC to become a shareholder of Northland Inc should it decided to do so as part of its deliberation decisions on its LTP 2024-2034. Delaying this decision means that WDC ownership cannot happen until part way through the 2024/25 financial year.

#### **7. Significance and engagement**

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance when assessed against Northland Regional Council's Significance and Engagement Policy.

#### **8. Policy, risk management and legislative compliance**

Making this decision is consistent with policy and legislative requirements.

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### **Background/Tuhinga**


At the meeting of the Joint Committee on 23 February 2024, an overview of the changes required to the documents were tabled and discussed. The attachments to this paper show the actual changes proposed to the documents, including comments on why the changes are being made. At that meeting it was suggested that no changes were needed to the Criteria and procedures for the allocation of funding from the IGR. On further reflection, staff are proposing that two minor changes be made: that the name of Whangarei District Council be added to the list of shareholders and that the word "grant" be removed from the enabling investment category (clause 10).

No changes are being made to the Constitution of Northland Inc.


Staff are also recommending that the Joint Committee submit on the WDC consultation document with the suggestion that a three-year funding commitment be made, i.e., a funding commitment until the 2027-2037 LTP. This would give more certainty to Northland Inc for planning purposes and allow more time to pass before a review is undertaken, i.e., two full years of ownership rather than just one. Furthermore, it would be appropriate at that time for all councils to be involved in that review to inform all councils in the preparation of their 2027-2037 LTP. Such a review could be done to fulfil councils' obligation to undertake a section 17a review of council services. All four local authorities collaborated together in a joint review of their regional economic development services in 2017. It is suggested that this next review would be undertaken over a three-month period July-September 2026 and so cover a full two years of WDC membership.


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### **Attachments/Ngā tapirihanga**

Attachment 1: Relevant pages from WDC Long Term Plan 2024-2034 WDC LTP 2027-34 Consultation Document relating to becoming a Northland Inc shareholder [!\[\]\(cbd8541a32dfc32f356f5c6c994b0a21\_img.jpg\)](#) 

Attachment 2: Shareholders' Agreement for Northland Inc Limited - proposed changes [!\[\]\(d3e32d099174a7c248ec1f564ee4f69c\_img.jpg\)](#) 

Attachment 3: Terms of Reference for the Joint Regional Economic Development Committee -  
proposed changes [↓](#) 

Attachment 4: Criteria and procedures for the allocation of funding from the Investment and Growth  
Reserve - proposed changes [↓](#) 



**Whangarei**  
District Council



# Funding our future

He whakatahua  
mō anamata



**Consultation  
Document**

## Topic #1: Becoming a Northland Inc shareholder

One of Council's strategic priorities is to enable the sustainable economic development of the District. We believe that economic growth supports stronger communities and better quality of life for all Northlanders.

Northland Inc is the regional economic development agency for Northland, encompassing the Regional Tourism Organisation and central government's Regional Business Partner (RBP) network. Northland Inc works with regional and national partners across the public and private sectors, with a common agenda to strengthen, grow and diversify Northland's economy. For more information on what they do through various projects in Northland visit [www.northlandnz.com](http://www.northlandnz.com).

Northland Inc is a council-controlled organisation, jointly and equally owned by Northland Regional Council, along with Far North District Council and Kaipara District Council.

Currently, Whangārei is the only council in Northland that is not a shareholder of Northland Inc. To date, we have supported them with \$105,000 of grant funding per year, along with sharing resources. Becoming a shareholder would give us a stronger voice on the direction of Northland Inc's economic development work in Northland, better alignment of our work with other councils, and improve regional leadership and advocacy for economic development.

The organisation has a governance board of professional directors, each appointed on a fixed-term basis by the shareholder councils. Operational activity is led by a chief executive officer.



**Option 1**  
Preferred  
option

## Become a shareholder of Northland Inc and contribute to the wider Investment and Growth Reserve

If we became a shareholder of Northland Inc, we would reallocate our annual Northland Inc grant funding of \$105,000 to their Investment and Growth Reserve and top it up with the following contributions:

- Year 1 \$370,000
- Year 2 \$482,000

The Investment and Growth Reserve contributions outlined above would match the contributions provided by Far North District Council and Kaipara District Council.

These amounts are already budgeted and included in the proposed rates rise of 17.2%.

Costs for years 3-10 of this plan are not included within the draft LTP budget. If Council decides to become a shareholder following consultation, we will review the benefits of our involvement before committing further funding beyond Year 2.

### Advantages

- Shared governance of Northland Inc, with the other councils, would give us a say in how the operating budget was allocated and strengthen the delivery and visibility of Northland Inc's services across the whole region.
- A wider leadership and governance function will provide greater opportunity, at the right level, for engagement and/or partnering with Māori/Iwi organisations.
- Increases the amount of funding available that can be used to support more significant projects and an increased level of support for our key sector businesses.
- Regional leadership and advocacy for economic development, especially with central government, for matters that affect us all.
- Creates an opportunity for Whangārei to have a say in setting Northland Inc's strategic priorities and direction.

### Disadvantages

- Ratepayers would need to fund the increased costs involved in switching to this new model.
- It can be difficult to quantify economic development outcomes, and the return on investment.

<b>Cost</b>	Year 1 2024-25 \$370,000 additional Northland Inc funding per annum Year 2 2025-26 \$482,000 additional Northland Inc funding per annum
<b>Impact on rates</b>	This option is already included in the proposed 17.2% rates increase
<b>Impact on level of service</b>	Increased service and better representation for Whangārei
<b>Impact on debt</b>	None



## Option 2

### Stick with what we do now

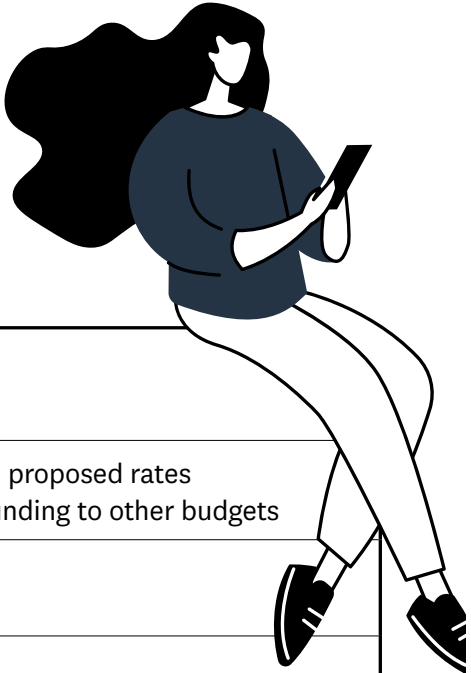
We could continue with \$105,000 of grant funding to Northland Inc without becoming a shareholder or making contributions to the wider Investment and Growth Reserve. Under this option the funding we have allocated for this in the draft plan would either be reallocated to other budgets or we could slightly reduce the planned general rate increase.

#### Advantages

- No extra funding required from ratepayers.

#### Disadvantages:

- Council will not have a say on how Northland Inc's operating budget is allocated or their strategic direction or priorities.
- Will not increase the level of Northland Inc funding for significant projects or support for key sector business.
- Will not contribute to regional leadership and advocacy or bring about more opportunity for engagement or partnering with Māori/Iwi organisations.



<b>Cost</b>	Year 1 2024-25 \$105,000 per annum Year 2 2025-26 \$105,000 per annum
<b>Impact on rates</b>	Under this option, we could reduce the proposed rates increase by 0.43% or re-allocate the funding to other budgets
<b>Impact on level of service</b>	No impact
<b>Impact on debt</b>	None

## **Shareholders' Agreement**

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**Northland Inc Limited**

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Dated the 1st day of July 2024

**Parties**

Northland Regional Council

Far North District Council

Kaipara District Council

Whangarei District Council

Northland Inc Limited, a limited liability company incorporated and registered in New Zealand with company number 857377.

**Introduction**

This agreement sets out the terms between the Parties in relation to the management and ownership of the Company and the Activities, and the rights and obligations of the Shareholders. As at the date of this agreement, each of Northland Regional Council, Far North District Council, and Kaipara District Council and Whangarei District Council own 430 fully paid up ordinary shares in the capital of the Company.

**Agreed Terms**

**1. Definitions and Interpretation**

**1.1 Definitions**

The following definitions apply in this agreement:

**Activities** means the activities and purpose to be carried on by the Group, being the implementation of economic development activities and supporting investment in Northland.

**Affiliate** means any person that directly or indirectly controls a Party, including if that person possesses (directly or indirectly) the power to:

- (a) appoint a majority of the directors or trustees of that Party (or any persons who may carry out a similar function in relation to that Party); or
- (b) direct or cause the direction of the management or affairs of that Party, whether through the ownership of voting securities, by contract or otherwise.

**AMINZ** means the Arbitrators' and Mediators' Institute of New Zealand Inc., an incorporated society in New Zealand with registered number 379524.

**Board** means the board of Directors, as constituted from time to time.

**Board Quorum** means, subject to clause 5.7, not less than one half of the Directors then in office.

**Business Day** means any day (other than a Saturday, Sunday or public holiday, as that term is defined in section 5(1) of the Holidays Act 2003) on which registered banks are open for general banking business in Northland, New Zealand.

**Chairperson** means the chairperson of the Board appointed in accordance with clause 5.8.

**Change of Control** means any change in the ownership or control of 50% or more of the voting power of a Shareholder.

**Companies Act** means the Companies Act 1993.

**Company** means Northland Inc Limited, a limited liability company incorporated and registered in New Zealand with company number 857377.

**Confidential Information** means any non-public financial, business or commercial information relating to the Activities, any Group Company or any other Party which a Party may receive or obtain as a result of or in connection with this agreement.

**Constitution** means the constitution of the Company ~~in effect from time to time, as set out in schedule 2.~~

**Deed of Accession** means a deed of accession in substantially the form set out in schedule 1.

**Defaulting Party** means any Shareholder that has committed an Event of Default.

**Director** means any director for the time being of the Company.

**Dispute** means a dispute or disagreement between any Parties that arises out of or relates to this agreement.

**Disputing Parties** means any Parties that are involved in a Dispute.

**Distribution** has the meaning given to that term in section 2(1) of the Companies Act.

**Dividend** has the meaning given to that term in section 53 of the Companies Act.

**Encumbrance** means:

- (a) any charge (whether fixed or floating), mortgage, debenture, pledge, lien, hypothecation, title retention, deferred purchase option, right of pre-emption or right of first refusal; and
- (b) any other security interest (as that term is defined in section 17 of the Personal Property Securities Act 1999) or third party right (whether legal or equitable),

but excludes any right of pre-emption or right of first refusal created pursuant to this agreement and/or the Constitution.

**Event of Default** means any of the events specified at clause 17.1.

~~**Financial Year** means a financial accounting period of 12 months commencing on 1 July and ending on 30 June each year.~~

Commented [CT1]: Deleted as this term is not used.

**FMCA** means the Financial Markets Conduct Act 2013.

**FMCA Disclosure Exemption** means an exclusion from the full and detailed disclosure requirements under the FMCA and Financial Markets Conduct Regulations 2014.

**Group** means the Company and any Related Company of the Company, each member being a **Group Company**.

**Intellectual Property** means all intellectual property, proprietary and industrial rights arising in connection with the Activities (whether existing in statute, at common law or in equity), including:

- (a) all copyright (including in source code and object code), know-how, trade secrets, methods (including business methods), technical and non-technical information, processes and procedures (including management processes and procedures), rights in databases, characteristics, trade marks, trade names, business names, domain names, inventions, patent rights, design rights, discoveries, algorithms and formulae;
- (b) all designs (including software and website designs), design details and specifications, concepts, evaluations (including risk evaluations), models and presentation materials, working drawings, sketches and photographs;
- (c) all improvements, enhancements, modifications or adaptations to any of the foregoing rights, including those created by or on behalf of any Party;
- (d) the right to sue for passing off;
- (e) all allied, similar and associated rights, whether registered or unregistered, registrable or unregistrable; and
- (f) all applications to register, and any renewals of, any of the foregoing rights.

**Joint Committee** means a joint committee formed by the Shareholders in accordance with section 30 of schedule 7 of the Local Government Act 2002 in relation to the operation of the Company and the Activities.

**Management Accounts** means unaudited accounts which shall incorporate a profit and loss statement, cash flow statement and balance sheet.

**Minimum Transfer Condition** means a condition specified by the Transferor in a Transfer Notice that, unless all or not less than a specified number of Transfer Shares are purchased, the Transferor shall not be bound to transfer any of the Transfer Shares.

**New Securities** means any new Shares or other securities issued by the Company that are convertible into, or that carry the option or right to subscribe for, new Shares.

**Offer Expiry Date** means the expiry date for an offer of New Securities or Transfer Shares (as applicable) specified in an Offer Notice.

**Offer Notice** means a written notice given by the Board under:

- (a) clause 9.2 regarding an offer of New Securities; or
- (b) clause 10.3 regarding an offer of Transfer Shares.

**Ordinary Resolution** has the meaning given to that in section 105(2) of the Companies Act.

**Parties** means the parties to this agreement from time to time, including those who became or become a party to this agreement by signing a Deed of Accession, and **Party** means any one of them.

**Pro-rata Entitlement** means, in relation to a Shareholder, an entitlement calculated according to the proportion that such Shareholder's Shares bear to the total number of Shares then on issue in the Company.

**Purchase Application** means a written application by a Remaining Shareholder to purchase all or any Transfer Shares under clause 10.5.

**Quarter** means a quarterly period ending on 31 December, 31 March, 30 June and 30 September each year.

**Related Company** has the meaning given to that term in section 2(3) of the Companies Act, but with that meaning extended by reading section 2(3) of the Companies Act as if "company" included any body corporate (wherever incorporated or formed).

**Related Parties** means, in relation to a Party:

- (a) any director, officer or employee of, or professional adviser to, that Party;
- (b) any Affiliate of that Party; and
- (c) any Related Company of that Party.

**Remaining Shareholders** means all Shareholders other than the Transferor in the case of clause 10.

**Shareholder** means any person whose name is entered in the Share Register as the holder (whether individually or jointly) for the time being of at least one Share.

**Share Register** means the share register of the Company, as kept and maintained in accordance with section 87 of the Companies Act.

**Shares** means fully paid ordinary shares in the Company.

**Statement of Intent** means a written plan for the Activities approved by the Joint Committee and as may be amended by the Joint Committee from time to time.

**Subscription Application** means a written application by a Shareholder to subscribe for New Securities under clause 9.4.

**Subsidiary** has the meaning given to that term in section 5(1) of the Companies Act.

**Transfer Notice** means a notice given by a Transferor under clause 10.2 regarding the transfer of Transfer Shares.

**Transferor** means any Shareholder that makes, or proposes to make, a transfer of Shares.

**Transfer Shares** means any Shares that a Transferor proposes to sell.

~~**Valuer** means an independent, suitably qualified person who is experienced in the valuation of companies similar to the Company.~~

Commented [CT2]: Deleted as this term is not used.

**WDC** means Whangarei District Council.

## 1.2 Interpretation

The following rules of interpretation apply in this agreement:

- (a) References to **persons** include natural persons, companies, and any other body corporates (wherever incorporated) and unincorporated bodies (wherever formed).
- (b) References to the **Parties** include their respective executors, administrators, successors and permitted assignees.
- (c) All **headings** and **subheadings** have been inserted for convenience only and will not affect the interpretation of this agreement.
- (d) References to **this agreement** means this agreement, including its schedules and introduction, as amended and/or replaced from time to time.
- (e) References to **clauses** and **schedules** are to those in this agreement, except where specified otherwise.
- (f) References to a **paragraph** in a schedule is to a paragraph of that schedule.
- (g) References to the words **including**, **include** or similar words do not imply any limitation and are deemed to have the words **without limitation** following them.
- (h) A **gender** includes each other gender and the **singular** includes the plural and vice versa.
- (i) An obligation **not to do anything** includes an obligation not to suffer, permit or cause that thing to be done.
- (j) References to **time** and **dates** are to time and dates in New Zealand.
- (k) References to a **statute** or **statutory provision** means a New Zealand statute or statutory provision as amended, consolidated and/or replaced from time to time.
- (l) References to **\$** are references to New Zealand dollars.
- (m) References to **written** or **in writing** shall include all modes of presenting or reproducing words, figures and symbols in a visible form (including via email).
- (n) No **rule of construction** (including the contra proferentem rule) applies to the disadvantage of a Party because that Party (or its relevant advisor) was responsible for the preparation of this agreement or any part of it.

## 1.3 Replacement of prior agreement

Northland Regional Council, Far North District Council, Kaipara District Council and the Company are parties to a prior shareholders' agreement relating to the Company and dated 1 July 2021. The parties agree that subject to all parties signing this agreement, on 1 July 2024 the prior shareholders' agreement shall terminate, and that this agreement shall become operative as the shareholders' agreement for the Company. Termination of the prior shareholders' agreement shall not affect any rights, remedies, obligations or liabilities of the parties that have accrued up to the date of its termination.

## 2. The Activities

### 2.1 Primary objective

The primary objective of the Group is to carry on the Activities.

### 2.2 Conduct of the Company

The Activities will be conducted in accordance with this agreement and on the basis of the

Statement of Intent, noting that the Company is intending to benefit the Northland community and not to make a profit.

**2.3 Special resolution to adopt Constitution**

~~The Shareholders hereby revoke the Company's existing Constitution and adopt the Constitution as the constitution of the Company with effect on and from the date of this agreement. This clause 2.3 will take effect as a special resolution in writing for the purposes of sections 32(1) and 122(1) of the Companies Act.~~

**Commented [CT3]:** As the constitution has already been adopted, this clause needs to be deleted. We do not consider that the existing constitution (as copy of which can be found uploaded to the Companies Office for Northland Inc) requires any amendment.

### 3. Parties' Rights and Obligations

#### 3.1 Rights attaching to Shares

Subject to the provisions of this agreement, the Constitution and the terms on which a Share is issued, a Share confers on the holder:

- (a) **right to vote:** the right to one vote on a poll at a meeting of Shareholders on any resolution, including any resolution to:
  - (i) appoint or remove a Director (subject to clause 4) or an auditor;
  - (ii) adopt a Constitution (if the Company does not have one);
  - (iii) alter the Constitution (if the Company has one);
  - (iv) approve a major transaction (as that term is defined in section 129(2) of the Companies Act);
  - (v) approve an amalgamation under the Companies Act; and
  - (vi) put the Company into liquidation;
- (b) **Dividends:** the right to an equal share in Dividends authorised in accordance with this agreement; and
- (c) **distribution of surplus assets:** the right to an equal share in the distribution of the Company's surplus assets.

#### 3.2 General obligations

Each Shareholder shall do or cause to be done all things necessary or desirable in its capacity as a Shareholder to carry out this agreement, including (to the extent permitted by law) by:

- (a) **voting:** exercising (or procuring the exercise of) voting rights at Shareholders' meetings and/or Board meetings (as applicable); and
- (b) **signing documentation:** signing (or procuring the exercise of) written Shareholders' and/or Board resolutions, consents, waivers or other documents,

to carry out and to cause to be carried out this agreement. For the avoidance of doubt, in complying with its obligations under this clause 3.2 no Shareholder or Director shall be required to act in breach of any legal or fiduciary duty owed to the Company.

#### 3.3 Obligations of the Company

The Parties acknowledge that the Company has been made a Party in order to bind it to, and allow it to enforce, the provisions of this agreement. Where any provision of this agreement requires the Company to perform and observe obligations, each Shareholder agrees to do all things necessary to cause the Company to perform and observe those obligations.

### 4. Directors

#### 4.1 Appointment and removal of Directors

All appointments and any removal of a Director shall be made by the Joint Committee for as long as the Joint Committee remains in existence. If there is no Joint Committee all appointments and any removal of a Director will be made by Ordinary Resolution.

#### 4.2 Term of Appointment



Each Director shall be appointed for a term of up to 3 years, subject to removal in accordance with clause 4.1 and at the end of that term will automatically resign.

4.3 **Notice requirement**

All appointments and removals of Directors pursuant to this clause 4 must be made by written notice to the Company, with a copy of the notice promptly delivered to the Shareholders. No appointment, removal or replacement will become effective until such notice is received by the Company, unless the notice specifies a later time at which the appointment, removal or replacement will take effect.

4.4 **Director compliance with this agreement and the Constitution**

The Joint Committee must procure that each Director:

- (a) **receives this agreement and the Constitution:** receives a copy of this agreement and the Constitution; and
- (b) **enforcement:** undertakes to enforce and observe its terms, and the terms of the Constitution, on behalf of the Company in his or her capacity as a Director.

## 5. **The Board**

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5.1 **Powers of the Board**

Except as otherwise specifically provided in this agreement, the Board has full power to direct the activities of the Company in the conduct of the Activities.

5.2 **Delegated authorities**

The Board may grant a set of delegated authorities for the day-to-day operation and management of the Activities.

5.3 **Board meetings**

If at any time the Company has more than one Director, the Board shall meet at least once every Quarter at such time and place as the Directors may agree to in writing.

5.4 **Notice of Board meetings**

A Director may convene a Board meeting by giving not less than five Business Days written notice to every Director. The notice must:

- (a) **postal or email address:** be sent to the postal or email address that the Directors provide to the Company for the purpose of receiving notices;
- (b) **date, time and place:** specify the date, time and place of the meeting; and
- (c) **matters to be discussed:** include an indication of the matters to be discussed at the meeting.

Any irregularity in the notice of a Board meeting is waived if all Directors attend the meeting without protest as to the irregularity or if all Directors agree to waive the irregularity.

5.5 **Board Quorum**

No business may be transacted at a Board meeting unless a Board Quorum is present.

5.6 **Manner of holding Board meetings**

Board meetings may be conducted by telephone conference, video conference or any similar means of electronic, audio or audio-visual communication. Accordingly, Directors participating in a Board meeting via such means shall be deemed to be present in person at the meeting and shall be entitled to be counted in the Board Quorum and to vote.

5.7 **Lack of Board Quorum and adjournment**

If the Directors required to constitute a Board Quorum are not present (whether in person or by any of the methods specified in clause 5.6) within 30 minutes after the time appointed for holding the Board meeting, the following shall apply:

- (a) **Adjournment:** The Board meeting shall be adjourned to the next Business Day following that Board meeting at the same time and place.
- (b) **Adjourned meeting:** If at the adjourned meeting a Board Quorum is not present within 30 minutes after the time scheduled for the meeting, the Directors present shall then constitute a Board Quorum.

#### 5.8 Chairperson

The Board may elect one of the Directors as Chairperson, who shall hold office until he or she resigns or the Board elects another Chairperson in his or her place.

#### 5.9 Voting at Board meetings

Subject to the provisions of this agreement, at Board meetings:

- (a) **simple majority:** any question arising or any resolution proposed must be decided by a simple majority of the votes cast by the Directors present;
- (b) **one vote per Director:** each Director is entitled to one vote;
- (c) **no casting vote for Chairperson:** the Chairperson (where one has been elected) shall not have a casting (or second) vote in the event of an equality of votes; and
- (d) **manner of voting:** a Director present is presumed to have agreed to, and voted in favour of, a Board resolution unless that Director expressly abstains from or votes against the resolution.

#### 5.10 Written Board resolutions

- (a) **Written resolution in lieu of Board meetings:** In accordance with section 7, schedule 3 of Companies Act, a Board resolution in writing, signed or assented to by all Directors then entitled to receive notice of a Board meeting, is valid and effective as if it had been passed at a Board meeting duly convened and held.
- (b) **Assenting by email:** Without limitation, a Director may assent to a written Board resolution by email or other electronic means.

## 6. Shareholders' Meetings

### 6.1 Proceedings at Shareholders' meetings

The provisions of schedule 1 of the Companies Act shall govern proceedings at Shareholders' meetings, provided that no business may be transacted at a Shareholders' meeting unless a quorum for a meeting of Shareholders (as that term is defined at clause 6.2 below) is present.

### 6.2 Quorum of Shareholders

For the purposes of clause 6.1, quorum for a meeting of Shareholders means is present if shareholders or their proxies are present or have cast postal votes who are between them able to exercise a majority of the votes to be cast on the business to be transacted by the meetingsuch number of Shareholders who between them are able to pass any resolutions to be submitted at a Shareholders' meeting.

**Commented [DJ4]:** Revised to make it clear what a quorum of shareholders is for the purpose of shareholder meetings. The revision follows that set out in the Companies Act.

## 7. Joint Committee Approval

### 7.1 Matters requiring Joint Committee Approval

The following matters affecting the Company and the Activities shall require Joint Committee Approval before being undertaken, or agreed to be undertaken, by the Company:

- (a) **Significant financial commitments:** The entry into any financial commitment exceeding \$500,000.
- (b) **Significant asset acquisitions and disposals:** The acquisition or disposition of any assets valued in excess of \$100,000.
- (c) **Long term contracts:** The entry into any agreements involving a term exceeding 3 years.

and with a total consideration payable by the Company under the contract of an amount more than \$100,000.

- (d) **Remuneration of Directors:** The remuneration of Directors, and any increase in the remuneration of such persons.
- (e) **Changes to the Activities:** Any changes to the Activities or the way the Activities are conducted, operated or carried on.
- (f) **Loans:** The making or providing of any loan or other financial facility.
- (g) **Incurring debt:** The incurring of any indebtedness or obligation in the nature of borrowing under any loan, guarantee or other financial facility.
- (h) **Establishing a subsidiary:** the establishment of a subsidiary as defined in the Companies Act.
- (i) **Issuing New Securities:** The issue of any New Securities.

#### 7.2 Major transactions

For the avoidance of doubt, the matters requiring Joint Committee Approval under clause 7.1 are in addition to, and not in substitution for, the major transaction provisions under section 129 of the Companies Act.

#### 7.3 Pre-approval in Statement of Intent

If any of the matters set out in clause 7.1 are expressly contemplated in, or proposed to be undertaken by, the Company in the then current Statement of Intent, then the Company may undertake that matter or those matters without having to obtain Joint Committee Approval.

### 8. Group Governance

#### 8.1 Subsidiaries

The Company may at any time have one or more Subsidiaries. The Parties will procure that the affairs of the Group are carried on in a manner that is consistent with the provisions of this agreement.

#### 8.2 Joint Committee Approval in respect of certain actions of Group Companies

The obligation to obtain Joint Committee Approval under clause 7.1 shall, in the event that the Company has any interest in any Subsidiary, be deemed to apply to the business or actions taken by any such Subsidiary as well as by the Company as if references to the Company were also references to each and every Subsidiary.

#### 8.3 The board of Group Companies

The Company will (to the extent permitted by law) procure that the board of directors of each Group Company is the same as the Board (unless the Board resolves otherwise).

### 9. Issue of New Securities

#### 9.1 Pre-emptive rights

The Shareholders shall have the pre-emptive rights in respect of the issue of New Securities set out in this clause 9.

#### 9.2 Offers of New Securities

If the Company issues or proposes to issue New Securities, the Company must first offer those New Securities to all Shareholders by delivering an Offer Notice containing the following information:

- (a) **Details of the offer:** Details of the number and subscription price of the New Securities on offer.
- (b) **Terms of issue:** The terms of issue of the New Securities.

**Commented [DJ5]:** An additional qualifier is added to avoid the requirement for Joint Committee decision on multi-year lease agreements worth less than \$100,000. This amount was chosen to be consistent with clause 7.1(b).

- (c) **Invitation:** An invitation for the Shareholders to make a Subscription Application.
- (d) **Offer Expiry Date:** The Offer Expiry Date, which must be a reasonable time period as determined by the Board.
- (e) **Pro-rata Entitlement:** The Pro-rata Entitlement of each Shareholder in respect of the New Securities on offer.
- (f) **Additional subscription:** An invitation for the Shareholders to indicate if they are willing to subscribe for New Securities in excess of their Pro-rata Entitlement, and, if so, the number of additional New Securities that they are willing to subscribe for.
- (g) **Competition for New Securities:** A statement that, if there is competition among the Shareholders for the New Securities on offer, the Company will allocate the New Securities on the basis set out in clause 9.6.

#### 9.3 FMCA Disclosure Exemption

It may be a condition of any offer of New Securities under this clause 9 that each Shareholder accepting such offer must provide evidence reasonably satisfactory to the Board that an FMCA Disclosure Exemption applies to it. For the avoidance of doubt, any offer which includes this condition will satisfy the pre-emptive requirements in this clause 9 notwithstanding that some Shareholders may not be eligible to accept such offer.

#### 9.4 Subscription Applications

Following receipt of an Offer Notice, any Shareholder may make an irrevocable Subscription Application before the Offer Expiry Date. Each Subscription Application must state the following:

- (a) **Number of New Securities desired:** The number of New Securities that the Shareholder wishes to subscribe for, which may be all or part of the Shareholder's Pro-rata Entitlement.
- (b) **Additional New Securities:** Whether the Shareholder is willing to subscribe for New Securities in excess of its Pro-rata Entitlement, and, if so, the number of additional New Securities that it is willing to subscribe for.

#### 9.5 Deemed rejection of offer

If no Subscription Application has been received by the Company from a Shareholder by 5.00pm on the Offer Expiry Date, that Shareholder will be deemed to have rejected the offer of New Securities in full.

#### 9.6 Allocation of New Securities

No later than five Business Days after the Offer Expiry Date, the Board must allocate the New Securities to the Shareholders that made a Subscription Application on the following basis:

- (a) **Pro-rata Entitlement:** The Shareholders that applied for all or less than their Pro-rata Entitlement of New Securities shall be allocated the New Securities applied for in their Subscription Application.
- (b) **Additional subscriptions:** The Shareholders that stated in their Subscription Application that they wish to purchase a specific number of New Securities in excess of their Pro-rata Entitlement shall be allocated any remaining New Securities that have not been allocated under clause 9.6(a) according to the proportion that such Shareholder's Shares bear to the aggregate number of Shares of all Shareholders that wish to subscribe for New Securities in excess of their Pro-Rata Entitlement, provided that no Shareholder shall be allocated more New Securities than it applied for.
- (c) **Rounding:** Fractional entitlements shall be rounded to the nearest whole number of New Securities.

#### 9.7 Notice of allocation of New Securities

No later than five Business Days after the Board has made the allocations of New Securities under clause 9.6, the Board must notify each Shareholder that has made a Subscription Application of:

- (a) **allocation:** its allocation of New Securities;
- (b) **price payable:** the total price payable for those New Securities;

- (c) **subscribers:** the names of the other Shareholders that made a Subscription Application (if any) and the number of New Securities allocated to them; and
- (d) **unallocated New Securities:** the number of New Securities that are yet to be allocated (if any).

9.8 **Issue of New Securities to third parties**

Following completion of the procedure set out in clauses 9.2 to 9.7, the Board may issue any New Securities that have not been subscribed for by Shareholders to any third party provided that the terms of issue are no more favourable to that third party than the terms which were offered to the Shareholders, but otherwise on such terms as the Board may determine.

9.9 **Deed of Accession**

It is a condition precedent to the issue of any Shares by the Company to any person who is not a Party that such person signs and delivers to the Company a Deed of Accession.

9.10 **Exclusion of pre-emptive rights**

For the purposes of this clause 9, the Constitution and the Companies Act, the pre-emptive rights of the Shareholders in relation to the issue of New Securities shall not apply where:

- (a) **unanimous written agreement of all Shareholders:** all of the Shareholders agree in writing;
- (b) **Share consolidations or subdivisions:** the Company issues Shares to all Shareholders for nil consideration under any pro-rata bonus issue of Shares, or any consolidation or subdivision of the Shares, that affects all Shareholders equally.

## 10. **Share Transfer Restrictions**

10.1 **Pre-emptive rights on the transfer of Shares**

The Parties shall have the pre-emptive rights in respect of the transfer of Shares set out in this clause 10. Accordingly, a Transferor may only transfer, or attempt or offer or agree to transfer, any direct, indirect, legal or beneficial interest (whether arising at law or in equity) in any Transfer Shares in accordance with this clause 10.

10.2 **Transfer Notice**

The Transferor must give an irrevocable Transfer Notice to the Board, which must appoint the Board as the Transferor's agent for the proposed sale and specify the following:

- (a) **Number of Transfer Shares:** The number of Transfer Shares that it wishes to sell.
- (b) **Sale price:** The sale price, which must be \$2 per Share.
- (c) **Terms:** Any terms of sale, which must be set out with sufficient certainty to enable a binding contract to be formed with transferees of the Transfer Shares.
- (d) **Minimum transfer:** Any Minimum Transfer Condition.
- (e) **Existing offers:** Whether the Transferor has received any offers or interest regarding the purchase of the Transfer Shares from any person (including, for the avoidance of doubt, from any Shareholder). If so, the Transferor must provide the names of such person or persons and full details of their offer or stated interest.

10.3 **Offer of Transfer Shares**

Within 10 Business Days of receipt of a Transfer Notice, the Board must give an Offer Notice to all Shareholders (other than the Transferor), which shall include the following:

- (a) **Transfer Notice contents:** The contents of the Transfer Notice.
- (b) **Pro-rata Entitlements:** The Pro-rata Entitlement of each Shareholder in respect of the Transfer Shares on offer.
- (c) **Invitation:** An invitation for those Shareholders to:
  - (i) apply to purchase the Transfer Shares at the sale price specified in the Offer

- Notice; and
- (ii) indicate if they are willing to purchase Transfer Shares in excess of their Pro-rata Entitlement, and, if so, the number of additional Transfer Shares that they are willing to purchase.
- (d) **Offer Expiry Date:** The Offer Expiry Date, which must be determined by the Board and be at least 20 Business Days after the date of the Offer Notice.
- (e) **Competition for Transfer Shares:** A statement that, if there is competition for the Transfer Shares among the Shareholders, the Transfer Shares will be allocated on the basis set out in clause 10.7.
- 10.4 **FMCA Disclosure Exemption**
- It may be a condition of any offer of Transfer Shares under this clause 10 that each Shareholder accepting such offer must provide evidence reasonably satisfactory to the Board that an FMCA Disclosure Exemption applies to it. For the avoidance of doubt, any offer which includes this condition will satisfy the pre-emptive requirements in this clause 10 notwithstanding that some Shareholders may not be eligible to accept such offer.
- 10.5 **Purchase Applications**
- Following receipt of an Offer Notice, any Remaining Shareholder may make an irrevocable Purchase Application to the Board on or before the Offer Expiry Date. Each Purchase Application must state:
- (a) **Number of Transfer Shares desired:** the number of Transfer Shares that the Remaining Shareholder wishes to purchase, which may be all or part of the Shareholder's Pro-rata Entitlement; and
- (b) **Additional Transfer Shareholders:** whether the Remaining Shareholder is willing to purchase Transfer Shares in excess of its Pro-rata Entitlement, and, if so, the number of additional Transfer Shares that it is willing to purchase.
- 10.6 **Deemed rejection of offer**
- If no Purchase Application has been received by the Board from a Remaining Shareholder by 5.00pm on the Offer Expiry Date, that Remaining Shareholder will be deemed to have rejected the offer set out in the Offer Notice in full.
- 10.7 **Allocation of Transfer Shares**
- No later than five Business Days after the Offer Expiry Date, the Board must allocate the Transfer Shares to the Shareholders that made a Purchase Application on the following basis:
- (a) **Pro-rata Entitlement:** The Shareholders that applied for all or less than their Pro-rata Entitlement of Transfer Shares shall be allocated the Transfer Shares applied for in their Purchase Application.
- (b) **Excess Transfer Shares:** The Shareholders that stated in their Purchase Application that they wish to purchase a specific number of Transfer Shares in excess of their Pro-rata Entitlement shall be allocated any remaining Transfer Shares that have not been allocated under clause 10.7(a) according to the proportion that such Shareholder's Shares bear to the aggregate number of Shares of all Shareholders that wish to purchase Transfer Shares in excess of their Pro-Rata Entitlement, provided that no Shareholder shall be allocated more Transfer Shares than it applied for.
- (c) **Rounding:** Fractional entitlements shall be rounded to the nearest whole number of Transfer Shares.
- 10.8 **Notice of allocation of Transfer Shares**
- No later than five Business Days after the Board has made the allocations of Transfer Shares under clause 10.7, and provided that the Minimum Transfer Condition (if any) has been satisfied or waived in writing by the Transferor, the Board must notify each Shareholder that has made a Purchase Application of:
- (a) **allocations:** its allocation of Transfer Shares;

- (b) **price payable:** the total price payable for those Transfer Shares;
- (c) **Shareholders that made a Purchase Application:** the names of the other Shareholders that made a Purchase Application (if any) and the number of Transfer Shares allocated to them; and
- (d) **unsold Transfer Shares:** the number of unsold Transfer Shares (if any).

#### 10.9 Company buyback right

Following completion of the procedure set out in clauses 10.1 to 10.8, if not all of the Transfer Shares have been accepted for purchase by the Shareholders in accordance with those provisions, or if the Minimum Transfer Condition has not been satisfied, the Company may, subject to the Companies Act and no later than 10 Business Days after the Offer Expiry Date, purchase and cancel or hold as treasury stock, any or all of the Transfer Shares not accepted for purchase at a price of \$2 per Share.

#### 10.10 Transfer to a third party

Following completion of the procedure set out in clauses 10.1 to 10.9, if not all of the Transfer Shares have been accepted for purchase by the Shareholders in accordance with those provisions, or if the Minimum Transfer Condition has not been satisfied, the Transferor may transfer the Transfer Shares to any third party at any time before the expiry of 6 months after the date of the Offer Notice, provided that:

- (a) **terms:** such transfer is made on terms that are no more favourable to the third party than those set out in the Offer Notice;
- (b) **Board approval:** the Board has approved the transfer in writing (such approval is not to be unreasonably or arbitrarily withheld, conditioned or delayed); and
- (c) **Deed of Accession:** the third party signs and delivers to the Company a Deed of Accession.

#### 10.11 Exclusion of pre-emptive rights

The pre-emptive rights set out in this clause 10 shall not apply:

- (a) **unanimous written agreement of all Shareholders:** where all of the Shareholders agree in writing; or
- (b) **qualifying transfers:** in respect of any transfer of Shares, or any interest in Shares, pursuant to clause 11 ~~(Whangarei District Council)~~.

### 11. ~~Whangarei District Council~~Exiting shareholders

If at any point after the date of this agreement ~~any of Northland Regional Council, Kaipara District Council, Far North District Council or Whangarei District Council~~ (an **Exiting Shareholder**) serves a written notice on the Company ~~giving at least six months prior notice~~ that they wish to ~~cease being become a s~~Shareholder of the Company (**WDC Exit Notice**) ~~as of the immediately following 30 June (Exit Date), each shareholder the Exiting Shareholder shall transfer such amount of all of its Shares in equal numbers to (being the same amount of Shares for each Shareholder) the other Shareholders as required to ensure that WDC becomes an equal shareholder in the Company at a price of \$2 per share payable by the other shareholders (Transfer). Subject to WDC providing the Company with a duly executed Deed of Accession, the Transfer will occur on the Exit Date or within date that is 10 Business Days thereof from receipt of the WDC Notice and, for the avoidance of doubt, clause 12 shall apply to the Transfer.~~

**Commented [CT6]:** Could put a minimum timeframe this, e.g. no shareholder to exit prior to 30 June 2026

### 12. Completion of Share Transfers

#### 12.1 Completion

At completion of a transfer of Shares under this agreement, the Transferor shall transfer such Shares to the transferee:

- (a) **no Encumbrances:** free of any Encumbrances; and
- (b) **share transfer form:** by way of a duly completed share transfer form signed by the

Transferor and transferee.

12.2 **Registration of Share transfers**

A Transferor of a Share shall remain the holder of a Share until the name of the transferee is entered in the Share Register.

12.3 **Limited release**

Once a transfer of all of a Shareholder's Shares has been registered in the Share Register, that Shareholder will cease to be bound by this agreement. Notwithstanding this, such transfer will not affect any accrued rights or obligations of any Shareholder, nor will it affect any provision in this agreement which comes into force on, or continues in force, after the transfer.

**13. Common Purpose**

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- 13.1 The Shareholders agree that they will act together in good faith with a common purpose of furthering the Activities of the Company and that they will not take any action that can reasonably consider to be adverse to the interests of the Company.

**14. Intellectual Property**

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14.1 **Ownership**

The Parties agree that all Intellectual Property:

- (a) **owned by the Company:** shall be and remain owned by the Company; and
- (b) **continuing ownership:** that is created, has been created or will or may be created by or on behalf of any Party prior to, on or after the date of this agreement shall be and remain owned by the Company,

and each Shareholder hereby assigns and transfers to the Company, and the Company accepts an assignment of, all of such Intellectual Property as it has come or will come in existence.

14.2 **Enforcement of title**

The Shareholders agree to take all actions as may be reasonably required by the Company to perfect or enforce the Company's title to the Intellectual Property, which shall include signing and delivering any document required in order to perfect or enforce such title (including, for the avoidance of doubt, a deed of assignment of intellectual property).

14.3 **Enduring effect**

The Parties agree that the provisions of this clause 14 shall survive the termination of this agreement. Furthermore, a Party shall continue to be bound by this clause 14 notwithstanding that the Party may have transferred its Shares or otherwise ceased to hold Shares or be a Party.

**15. Provision of Accounts and Information**

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15.1 **Financial information**

The Board shall, in respect of the Company, prepare (or procure the preparation of) Management Accounts every six months (being 31 December and 30 June) and provide these accounts to Shareholders as soon as reasonably practicable after they are approved by the Board.

15.2 **Disclosure of information by Shareholder appointed Directors**

A Director may, pursuant to section 145(2)(a) of the Companies Act and without the need for prior Board approval, disclose Company information and/or information in relation to the Activities to the Joint Committee, or if relevant, to the Shareholder that appointed the Director under clause 4.1.

**16. Dividends and Distributions**

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16.1 **Dividend and Distribution policy**

The Parties agree that it is the intention of the Parties and the Company that no Dividends or



Distributions will be declared. Should a Dividend or Distribution be declared at any stage, this will only be with the prior written approval of the Joint Committee, save that if there is no Joint Committee, a Dividend or Distribution may be declared with the approval of 75% or more of the votes of the Shareholders.

16.2 **Solvency requirements for Dividends and Distribution**

For the avoidance of doubt, no Dividend or Distribution shall be declared by the Company unless the Board is satisfied on reasonable grounds that all applicable legal requirements under the Companies Act have been complied with, including the Company satisfying the solvency test as required by section 52 of the Companies Act.

## 17. **Default**

17.1 **Events of Default**

The following events shall each constitute an Event of Default:

- (a) **Material breach:** A Shareholder committing a material breach of its obligations under this agreement or a series of persistent breaches of this agreement that, when taken in totality, constitute a material breach of this agreement.
- (b) **Funding:** A Shareholder not providing any funding to Northland Regional Council's Investment Growth Reserve, or the Company, in the manner required by their respective Long Term Plans.
- (c) **Bankruptcy or insolvency:** A Shareholder becoming bankrupt or insolvent.
- (d) **Receiver, administrator or liquidator appointed:** A receiver, administrator or liquidator being appointed in relation to all or a material part of a Shareholder's assets.
- (e) **Liquidation, dissolution or winding-up:** The making of an order or the passing of a resolution for the liquidation, dissolution or winding-up of a Shareholder.
- (f) **Encumbrances over Shares:** A Shareholder granting, or allowing to subsist, an Encumbrance over its Shares.
- (g) **Change of Control:** Any Change of Control that occurs in respect of a Shareholder.
- (h) **Criminal and fraudulent conduct:** A Shareholder being found guilty in any court of any fraud or dishonesty offence, or committing any act of fraud against any Group Company.

17.2 **Notice of Event of Default**

Where an Event of Default has occurred or been committed, the Defaulting Party must promptly give written notice to the Board and the other Shareholders of this fact, describing the Event(s) of Default in reasonable detail.

17.3 **Information regarding Event of Default and requirement to remedy**

Where a notice is given by a Defaulting Party under clause 17.2, or if the Board or any Shareholder becomes aware of an Event of Default, the Board or any Shareholder may by written notice (with a copy promptly delivered to the other Shareholders) require the Defaulting Party to:

- (a) **information:** supply such information that it reasonably requires in order to fully assess the nature of the Event of Default; and
- (b) **remedy default:** remedy the Event of Default, if it is capable of remedy, within 20 Business Days.

17.4 **Defaulting Party**

For such time as the Event of Default is continuing:

- (a) the Defaulting Party shall not be entitled to exercise any vote in connection with its Shares or give or withhold any consent or other approval contemplated by this agreement;
- (b) any Director appointed by the Defaulting Party shall not be entitled to exercise any vote at a meeting of the Board and, for the avoidance of doubt, any of the matters or transactions subject to clause 5 may be undertaken without the need to obtain the approval of any

such Director.

17.5 **Mandatory sale**

Unless the Parties agree otherwise in writing, if:

- (a) **not capable of remedy:** a Defaulting Party commits or allows the occurrence of an Event of Default that is not capable of remedy; or
- (b) **not remedied:** a notice is given pursuant to clause 17.3(b) and the Event of Default is not remedied by the Defaulting Party within the required timeframe,

the Board may notify the Defaulting Party that it shall be deemed to have given an irrevocable Transfer Notice in respect of all of its Shares and be required to sell such Shares pursuant to clause 17.6.

17.6 **Terms of sale**

Where a Transfer Notice is deemed to be given under clause 17.5, the Defaulting Party's Shares shall be offered for sale according to the provisions of clause 10, except that the following terms shall apply:

- (a) **Sale price:** The sale price for the Shares must be \$2 per Share.
- (b) **Power of attorney:** The Defaulting Party shall be deemed to have irrevocably appointed any person nominated by the Company to be its duly authorised agent and attorney to sign all necessary transfers on its behalf in respect of the Shares.
- (c) **Rights, benefits and entitlements:** Any Shares transferred will be deemed to be sold by the Defaulting Party with effect from the date of such transfer free from any Encumbrance and with all rights, benefits and entitlements attaching to them.

## 18. **Dispute Resolution**

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18.1 **Negotiation**

All Disputing Parties must use reasonable endeavours to resolve any and all Disputes by negotiation. If a Dispute is settled following negotiations under this clause 18.1, such settlement shall be recorded in writing and be signed by the Disputing Parties, whereupon it shall be final and binding on the Disputing Parties.

18.2 **Mediation**

If the Disputing Parties cannot resolve their Dispute by negotiations under clause 18.1 within 20 Business Days, a Disputing Party may, by written notice to the other Disputing Party or Disputing Parties, require that the Dispute be dealt with by mediation under the following terms:

- (a) **Mediation Protocol:** The mediation shall be conducted in accordance with the Mediation Protocol of AMINZ then in force (or any protocol or mediation agreement which replaces it).
- (b) **Mediator:** The mediation shall be conducted by a mediator and at a fee agreed in writing by the Disputing Parties. Failing agreement between the Disputing Parties within 10 Business Days of the giving of the notice requiring mediation, the mediator will be selected and his or her fee determined by the chairperson for the time being of AMINZ (or his or her nominee).
- (c) **Location:** The mediation shall take place in Northland, New Zealand at such address as determined by the mediator, provided that any Disputing Party may, if permitted by the mediator, attend via telephone conference, video conference or any similar means of electronic, audio or audio-visual communication.
- (d) **Settlement:** If the Dispute is settled at or following mediation under this clause 18.2, such settlement shall be recorded in writing and be signed by the Disputing Parties, whereupon it shall be final and binding on the Disputing Parties.
- (e) **Costs:** The costs of the mediation, excluding the Disputing Parties' own legal and preparation costs, will be shared equally by the Disputing Parties.

18.3 **Court or arbitration proceedings**

No Disputing Party may initiate or commence court or arbitration proceedings relating to a Dispute unless it has complied with the procedure set out in this clause 18, provided that application may still be made to the courts:

- (a) **interlocutory relief:** for interlocutory relief;
- (b) **debts:** to recover or enforce a debt payable; or
- (c) **enforce settlement:** to enforce a settlement agreed to by the Disputing Parties under clause 18.1 or 18.2.

## 19. Termination

19.1 **Termination of this agreement**

Except where this agreement explicitly states otherwise, this agreement will continue in force until:

- (a) **unanimous written agreement:** the date on which the Shareholders unanimously agree in writing that it will terminate;
- (b) **sole ownership:** all of the Shares become owned by one Shareholder or any third party; or
- (c) **dissolution:** the date of dissolution of the Company following its liquidation, whether such liquidation is voluntary or compulsory.

19.2 **Accrued rights and obligations on termination**

Termination of this agreement shall not affect any rights, remedies, obligations or liabilities of the Parties that have accrued up to the date of termination, including the right to claim damages in respect of any breach of the agreement which existed at or before the date of termination.

## 20. Relationship of the Parties

20.1 **No partnership or agency**

None of the provisions of this agreement will create or constitute, or be deemed to create or constitute (for any purpose whatsoever):

- (a) **no partnership:** a partnership between the Parties (in the legal sense of being partners in a partnership involving profit sharing and joint and several liability); or
- (b) **no agency:** any Party as an agent of any other Party, except where this agreement specifies otherwise.

20.2 **Shareholders are not liable for any other Party**

Except as set out in this agreement, each Shareholder is responsible and liable for its obligations under this agreement and is not responsible or liable for any obligation of any other Party.

20.3 **No authority to bind**

Except as provided in this agreement or by written agreement between one or more Parties, no Party will have any authority or power to bind or commit, act on behalf of, represent, or hold itself out as having authority to act as an agent of, the other Parties in relation to any obligations.

## 21. Prevailing Terms

21.1 **Agreement prevails**

The terms of this agreement will prevail over anything to the contrary contained in, or that may be in conflict or inconsistent with, the Constitution.

21.2 **Constitution to be consistent with this agreement**

The Shareholders shall ensure that, at all times, the Constitution is consistent with the provisions of this agreement.

21.3 **Actions required**

The Parties will (to the extent permitted by law) do everything required to give effect to the terms of this agreement and will, if necessary, amend or replace the Constitution to give effect to the terms of this agreement.

21.4 **No deemed amendments to the Constitution**

Nothing contained in this agreement shall be deemed to constitute an amendment to the Constitution.

## 22. Confidentiality

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22.1 **Confidentiality obligations**

Except as permitted in this clause 22, no Party will disclose, communicate or distribute to any third party any Confidential Information.

22.2 **Disclosure to Related Parties**

Each Party may disclose Confidential Information to its Related Parties, but only where that Party's Related Parties have agreed in writing to comply with that Party's confidentiality obligations under this agreement. The Parties agree that they will be wholly responsible for all acts and omissions of their Related Parties concerning any Confidential Information disclosed to them.

22.3 **Limits on obligations**

A Party will not have to observe any duty of confidentiality concerning Confidential Information that:

- (a) **prior written consent:** the other Parties all give their prior written consent to the disclosure of;
- (b) **required by law:** is required to be disclosed by law or any legislative or regulatory authority in any competent jurisdiction that has jurisdiction over the Party;
- (c) **listing rules and continuous disclosure:** is required to be disclosed or announced in accordance with the listing rules or continuous disclosure rules of any recognised securities exchange;
- (d) **necessary for performance:** is necessary to be disclosed to enable a Party to perform its obligations under this agreement; or
- (e) **information in the public domain:** at the time of disclosure is in, or subsequently enters, the public domain otherwise than by breach of any duty of confidentiality under this agreement.

22.4 **Enduring effect**

The restrictions in this clause 22 will continue to apply after the termination of this agreement.

## 23. Notices

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23.1 **Written notice**

All notices and other communications to be given under this agreement must be in writing and be addressed to the Party to whom it is to be sent at the physical address or email address from time to time designated by that Party in writing to the other Parties for such purpose.

23.2 **Consent to receipt of notices by electronic means under section 391 of the Companies Act**

Each Shareholder hereby gives notice to the Company that, for the purposes of section 391 of the Companies Act, annual reports, notices and other documents required to be sent to a Shareholder shall be sent by email to the email address from time to time designated by that Shareholder under clause 23.1.

23.3 **Deemed delivery**

Any notice or communication given under this agreement shall be deemed to have been received:

- (a) **by hand:** at the time of delivery, if delivered by hand;
- (b) **by post in New Zealand:** 3 Business Days after the date of mailing, if sent by ordinary post or courier within New Zealand;
- (c) **by post from overseas:** 10 Business Days after the date of mailing, if posted, couriered or delivered overseas; or
- (d) **by email:** if sent by email, on the date and time at which it enters the recipient's information system, as evidenced (if required by a recipient where delivery is disputed) in a confirmation of delivery report from the sender's information system which indicates that the email was sent to the email address of the recipient.

23.4 **Delivery after 5.00pm or on non-Business days**

Any notice or communication received or deemed received after 5.00pm or on a day which is not a Business Day in the place to which it is delivered, posted or sent will be deemed not to have been received until the next Business Day in that place.

## 24. General Provisions

24.1 **Entire agreement**

This agreement constitutes the entire agreement and understanding of the Parties relating to the matters dealt with in this agreement and supersedes and extinguishes any previous agreement (whether oral or written) between the Parties in relation to such matters. Nothing in this clause 24.1 operates to limit or exclude any liability for fraud.

24.2 **Capacity**

Each Party warrants and represents to the others that:

- (a) **power and authority:** it has full power and authority to enter into this agreement;
- (b) **authorisation and approvals:** all authorisations and approvals that are necessary or required in connection with the signing by that Party of this agreement, and its assumption of rights and obligations under it, have been obtained; and
- (c) **no breach or default:** the signing, delivery and performance of this agreement does not constitute a breach by that Party of any law or obligation and will not cause or result in any default or breach under any other agreement or arrangement by which that Party is bound.

24.3 **Assignment**

Subject to the terms of this agreement, none of the Parties will assign or transfer, or purport to assign or transfer, any of their rights or obligations under this agreement without the prior written consent of the other Parties.

24.4 **No waiver**

No Party will be deemed to have waived any right under this agreement unless the waiver is in writing and signed by that Party. A failure to exercise or delay in exercising any right under this agreement will not operate as a waiver of that right.

24.5 **Amendments**

This agreement may not be amended or varied in any way unless such amendment or variation is made by deed and signed by each Party.

24.6 **Severability**

If any provision of this agreement is found by a court or other competent authority to be void or unenforceable, such provision will be deemed to be deleted from this agreement and the remaining provisions of this agreement will continue in full force and effect.

24.7 **Costs and expenses**

Except as expressly provided in this agreement, each Party shall pay its own costs and expenses incurred in connection with the negotiation, preparation, execution and preparation of this agreement (and any documents referred to in it).

24.8 **Rights and remedies**

Unless otherwise expressly provided in this agreement, the rights and remedies set out in this agreement are in addition to, and not in limitation of, any other rights and remedies under or relating to this agreement (whether at law or in equity), and the exercise of one right or remedy will not be deemed a waiver of any other right or remedy.

24.9 **Limitation of liability for trustees**

The liability of any independent trustee of any trust which is or becomes a Party is not unlimited or personal liability and instead shall be limited to the assets of the trust from time to time. A trustee will be deemed to be an independent trustee for the purposes of this clause if he, she or it is not a beneficiary or the settlor of the trust.

24.10 **Counterparts**

This agreement may be signed and delivered in any number of counterparts, including by way of electronic transmission where a Party signs a counterpart and sends it as a PDF to the other Parties, or the Company, by email. All such counterparts, when taken together, shall constitute one and the same instrument and, notwithstanding the date of signing, will be deemed to bear the date of this agreement.

24.11 **Electronic signing**

Any Party may:

- (a) **Party's electronic signature:** sign this agreement by way of application of that Party's electronic signature; and
- (b) **witness' electronic signature:** have their signature witnessed by way of the application of the witness' electronic signature,

in each case in accordance with Part 4 of the Contract and Commercial Law Act 2017.

24.12 **Governing law and jurisdiction**

This agreement, and any claims arising out of or in connection with it or its subject matter or formation (including non-contractual claims), will be governed by and construed in accordance with the laws of New Zealand and the Parties irrevocably submit to the exclusive jurisdiction of the courts of New Zealand for any matter arising under or relating to this agreement or its subject matter or formation or the relationships established by it (including non-contractual claims).

**Signatures**

**Signed and delivered** as a deed.

Signed by Northland Inc Limited by two directors:

\_\_\_\_\_  
Director's signature

\_\_\_\_\_  
Director's signature

\_\_\_\_\_  
Director's full name

\_\_\_\_\_  
Director's full name

Signed for and on behalf of **Northland Regional Council** by its duly authorised officer in the presence of:

\_\_\_\_\_ **[name]**

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
Address

Signed for and on behalf of **Far North District Council** by its duly authorised officer in the presence of:

\_\_\_\_\_ **[name]**

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
Address

Signed for and on behalf of **Kaipara District Council** by its duly authorised officer in the presence of:

\_\_\_\_\_ **[name]**

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
Address

Signed for and on behalf of **Whangarei District Council** by its duly authorised officer in the presence of:

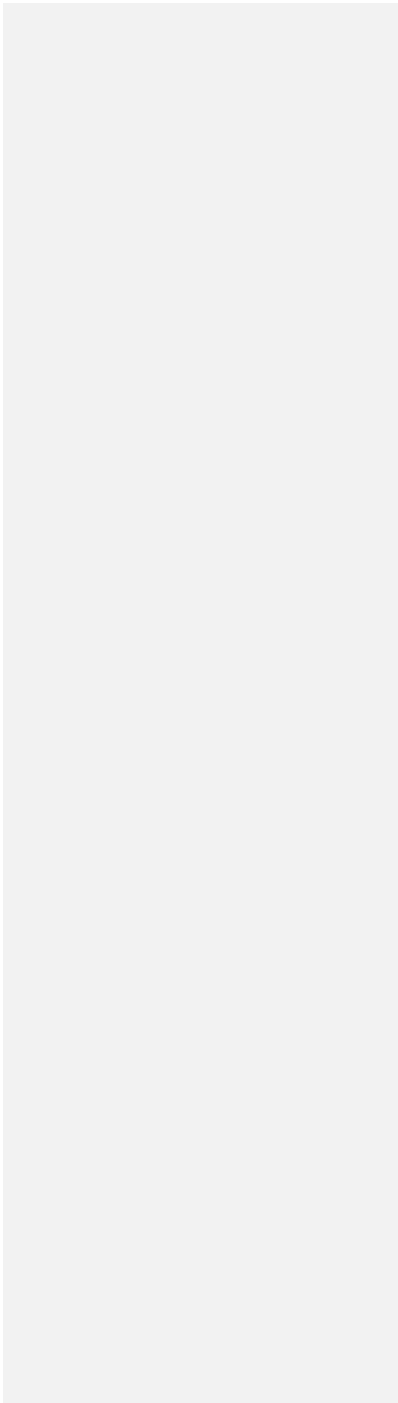
[name]

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
Address





Schedule 1

**Deed of Accession**

This deed is made by [new shareholder's name] (the **New Shareholder**) on this      day of      [year].

**Introduction**

The New Shareholder wishes to acquire shares in [ ] Limited (company number [ ]) (the **Company**).

The Company and its shareholders (together, the **Parties**) are party to a shareholders' agreement relating to the Company, dated [insert date] (the **Shareholders' Agreement**). Under the Shareholders' Agreement, the New Shareholder is required to enter into this deed.

**Terms of this Deed**

**1. Shareholders' Agreement**

The New Shareholder acknowledges that it has been given a copy of the Shareholders' Agreement and has read it and understands its terms.

**2. Accession**

With effect from the date of this deed, the New Shareholder agrees that it will become a party to the Shareholders' Agreement and be legally bound by its terms as if it had been named as a party to it and had signed it.

**3. Contractual Privity**

The New Shareholder agrees that, for the purposes of Part 2, Subpart 1 of the Contract and Commercial Law Act 2017, this deed is made and fully intended to confer a benefit on, and be legally enforceable by, the Parties and any other party or parties who may, after the date of this deed, become a party to the Shareholders' Agreement.

**4. Governing Law and Jurisdiction**

This deed will be governed by, and construed in accordance with, the laws of New Zealand and the New Shareholder irrevocably submits to the exclusive jurisdiction of the courts of New Zealand for any matter arising under or relating to this deed.

**Execution**

**Signed and delivered** as a deed.

[Insert execution clause for the New Shareholder.]

## Joint Regional Economic Development Committee Terms of Reference<sup>1</sup>

### Background

Economic development is listed as one of the five policy priorities of Local Government New Zealand. Globalisation and the relaxation of border controls have been radically changing the way in which local and regional economies work. Cities, districts and regions in New Zealand are now competing against their peers in other parts of the world for the same capital and same skilled workers. The COVID-19 pandemic and associated policy responses ~~are disrupting~~ this long-term trend and ~~bringing brought~~ additional challenges to the economy. To succeed, local authorities need to ensure that they not only offer a good life and effective infrastructure and services they must also promote these attributes. Economic development agencies such as Northland Inc Limited play an important role in bridging the gaps in local economies, leveraging local advantage, and promoting the region both nationally and internationally.

Economic growth is vital for generating the resources needed to address some of the pressing problems affecting Northland, such as poor housing, health and education. Councils wish to improve Northland's economic performance to support strong communities and environmental sustainability.

~~The formation of a~~ joint committee of the Northland Regional Council and the Far North ~~and~~ Kaipara ~~and Whangarei~~ district councils elected council members is fundamental to ensuring these outcomes are achieved in a coordinated and collaborative way across Te Taitokerau.

### Membership

The Joint Regional Economic Development Committee (the **committee**) is a joint committee made up of elected members from the Northland Regional Council, the Far North District Council ~~and~~ the Kaipara District Council ~~and the Whangarei District Council~~.

The committee shall have ~~six-eight~~ members as follows:

Two elected members from:	Kaipara District Council
	Far North District Council
	Northland Regional Council
	<u>Whangarei District Council</u>

Each council shall also appoint one alternative elected member who will have full speaking and voting rights when formally acting as the alternate.

~~Whangarei District Council may join the committee at some point in the future. WDC will have the right to appoint two elected members to the committee, increasing the number of committee members from six to eight.~~

Ex officio: Whereas the Mayors of Far North ~~and~~ Kaipara ~~and Whangarei~~ district councils are a member of all committees by virtue of section 41A(5) of the Local Government 2002, the Mayors have agreed not to exercise this right of membership.

### Role and Responsibilities

<sup>1</sup> Approved by NRC at its meeting on [insert date] 202422 June 2024, FNDC on [insert date] 2024, 24 June 2024 ~~and~~ KDC on [insert date] 2024 and WDC on [insert date] 202430 June 2024.

- 1) All responsibilities, duties and powers of a local authority as a shareholder in Northland Inc. Limited are, as far as legally possible, delegated to the committee. For avoidance of doubt, a meeting of the committee is not a meeting of shareholders under the Companies Act 1993.
- 2) Make funding allocations from the Investment and Growth Reserve (IGR) administered by Northland Regional Council.
- 3) Receive advice and provide direction and support to economic development in Te Taitokerau.
- 4) Make recommendations to member councils to ensure a consistent regional approach is applied and adopted to economic development activities.
- 5) Act collectively as an advocate for regional economic development generally and within the individual bodies represented on the committee.
- 6) Ensure the bodies represented on the committee are informed of economic development activities in Te Taitokerau.

#### **Status**

The committee is a joint committee of council as provided for under Clause 30(1)(b) of Schedule 7 of the Local Government Act 2002 and shall operate in accordance with the provisions of Clause 30A of Schedule 7 that Act.

The committee has no powers under the Local Government Act 2002 (or any other Act) other than those delegated by decision of all member councils.

The committee shall operate under Northland Regional Council Standing Orders.

#### **Joint Committee not discharged at triennial elections**

Pursuant to Clause 30(7) of Schedule 7 of the Local Government Act 2002, the councils have resolved that this joint committee is not discharged at the triennial elections. However, on coming into office following an election, a council may choose to review its appointments to the committee.

#### **Committee Chair and Deputy Chair:**

The Chair and Deputy Chair are to be elected by members at the first meeting of the committee according to System A of clause 25 of Schedule 7 of the Local Government Act 2002.

~~The inaugural Chair must be an elected member from the Northland Regional Council. This will be reviewed by the committee following the triennial elections in 2022.~~

#### **Meetings**

The committee shall meet a minimum of four times per annum.

#### **Quorum**

At least 50% of members shall be present to form a quorum with at least one member from each council present.

#### **Decision making**

The committee will endeavour to make all decisions by consensus, i.e. 100%. However, if consensus cannot be reached, matters will be decided by a simple majority of the votes cast by the

members present. For the avoidance of doubt the Chair shall not have a casting vote at committee meetings.

#### **Service of meetings**

The Northland Regional Council will provide secretarial and administrative support to the committee.

Draft agendas are to be prepared by Northland Regional Council and approved by the Chair of the Committee prior to the committee meeting.

Northland Inc Limited can request the committee hold a confidential committee 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. Any report submitted by Northland Inc needs to be accompanied by council management advice to the committee.

#### **Remuneration**

Remuneration and / or reimbursement for costs incurred by committee members is the responsibility of each council.

#### **Amendments**

Any amendment to the Terms of Reference or other arrangements of the committee shall be subject to approval by all member councils.

Should Kaipara District Council, Far North District Council, Northland Regional Council or Whangarei District Council cease to be a shareholder of Northland Inc Limited (a **departing Council**):

1. The number of members that the committee is to have (as referred to in paragraph 2 of the section entitled "Membership" above) shall reduce by two for each departing Council.
2. Any elected member(s) appointed by the departing Council to the committee shall automatically cease to be a member(s) of the committee.
3. The right of the departing Council to appoint members to the committee (as referred to in paragraph 2 of the section entitled "Membership" above) shall automatically cease.
4. All references to the departing Council in these Terms of Reference shall be deemed deleted.

These Terms of Reference replace the prior Terms of Reference approved by Kaipara District Council, Far North District Council, and Northland Regional Council for the committee in June 2021.

## Investment and Growth Reserve

### Criteria and procedures for the allocation of funding

Version ~~65~~ – Adopted ~~XXXX 2024~~ 22 June 2021

#### Objective of the Investment and Growth Reserve

1. The objective of the Investment and Growth Reserve (IGR) is to provide a fund that enables shareholder councils to make strategic investments that lift the long-term growth of the Northland economy that support strong communities and environmental sustainability.

#### Available funding categories

2. Allocations from the IGR must fit one of the following three funding categories:
  - a. Operational expenditure funding for Northland Inc Limited, the region's economic development agency which is a council-controlled organisation jointly owned by Northland Regional Council, Far North District Council, ~~and~~ Kaipara District Council and Whangarei District Council (together known as **shareholder councils**).
  - b. Project Development funding.
  - c. Enabling Investment funding.
3. Annual funding allocation limits apply as follow:
  - a. Northland Inc Limited operational funding is limited to what is budgeted in their Statement of Intent as agreed by shareholder councils.
  - b. Project Development funding is limited to a maximum of \$300,000 each financial year.
  - c. There is no limit to the quantum of funding provided through the Enabling Investment category although the balance of the IGR cannot fall below \$0 (taking into consideration future funding commitments made to projects).

#### Procedures and criteria for Project Development funding

4. The purpose of the Project Development category is to provide funding support to assist with developing, proving and/or planning for the success of projects that will contribute toward economic growth within the region for the purpose of making them investment ready. Allocation of funding for Project Development will be managed to ensure that the conditions of the Underwriting Guarantee Agreement between Northland Regional Council and Northland Inc Limited for the Ngāwha Innovation and Education Centre are fulfilled.
5. For clarity, Project Development funding cannot be used to fund:
  - a. the preparation of a strategy;
  - b. design and engineering related work;
  - c. building or resource consent applications or any other approval required for the project to proceed;
  - d. ongoing capability or delivery functions once a project is funded; or
  - e. a project that is determined to potentially have significant adverse impacts on environmental, social, and/or cultural well-being, regardless of the positive economic impacts.
6. Decisions on funding any single Project Development costing less than \$100,000 is delegated from the Joint Regional Economic Development Committee to the Board of Northland Inc Limited. Funding from the IGR for Project Development approved by the Board of Northland Inc Limited will be paid to Northland Inc Limited upon receipt of an invoice accompanied by evidence of the Board decision.

7. Decisions on funding any single Project Development of \$100,000 or more require a resolution of the Joint Regional Economic Development Committee. These must be accompanied by a Board of Northland Inc Limited recommendation.
8. Project Development funding decisions made under delegated authority must be reported to the Joint Regional Economic Development Committee through Northland Inc Ltd quarterly and annual reporting. Copies of the work carried out with Project Development category funding must be provided to council as they are completed.

#### Procedures and criteria for Enabling Investment funding

9. The purpose of Enabling Investment category is to provide funding for projects that lift the economic performance of Northland through the construction of public or community held infrastructure that underpins economic growth or the development of regionally strategic sectors.
10. Projects eligible for Enabling Investment ~~grant~~ funding must:
  - a. Be located in Northland or substantially located in Northland;
  - b. Align with the Joint Regional Economic Development Committee's priorities for economic development (as set from time to time), including:
    - i. the construction of public or community held infrastructure; or
    - ii. the development of regionally strategic sectors as identified in Northland Inc's Statement of Intent.
  - c. Provide viable, long-term economic development (i.e. beyond immediate short-term employment and business activity) by meeting one or more of the following:
    - i. Generating ongoing net economic benefit to the region;
    - ii. Creating ongoing new jobs in the region;
    - iii. Increasing exports from the region;
    - iv. Being innovation based.
  - d. Demonstrate that the development can be achieved in a way that supports strong communities and environmental sustainability in Northland.
11. For clarity, Enabling Investment funding cannot be used to fund:
  - a. Projects or private businesses that generate profits which are not fully reinvested into the project or utilised for other public economic development benefits; or
  - b. Any project that is determined to potentially have significant adverse impacts on environmental, social, and/or cultural well-being, regardless of the positive economic impacts.
12. Decisions on funding Enabling Investment projects can only be made by resolution of the Joint Regional Economic Development Committee based on the following guidelines:
  - a. Applications have been considered and evaluated for funding by the Northland Inc Limited Board.
  - b. Funding provided is intended as partnership funding and cannot account for more than 33% of the total project cost unless it is demonstrated that there are exceptional circumstances.
  - c. On behalf of the Joint Regional Economic Development Committee, Northland Regional Council will issue a formal offer to the project sponsor setting out the terms and conditions for funding. This offer will include milestones, key performance indicators and regular reporting requirements.
13. Applications for Enabling Investment funding considered by council must be accompanied by a robust business case that has been prepared at a level commensurate with the quantum of funding being requested. A business case must include the following elements:
  - a. Description of the project – e.g. what is the proposal?

**Commented [DJ1]:** Suggest removing the word grant. This doesn't preclude grant support but at the moment that is all it can do. This provides flexibility for equity/loan support, potentially alongside central government.

- b. Strategic case / alignment – e.g. why should council make the investment? How does it align with strategic economic priorities for the region?
- c. Sustainability case – e.g. what are the costs and benefits of the project? What other options were considered?
- d. Financial case – e.g. how will the project be funded, both in the build and long-term operation? What other investors are being sought? What will council's funding contribution be used for? Are there profits being made by the private sector and if so by who?
- e. Management case – e.g. how will the project be undertaken and over what time frame? Do the project proponents have the competence, experience and capacity to deliver the project? What statutory approvals are required (e.g. resource consents)?

**TITLE: Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway**

**From:** Darryl Jones, Economist

**Authorised by** Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on  
**Group Manager/s:** 02 April 2024

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**Executive summary/Whakarāpopototanga**

The purpose of this report is to seek the endorsement by the Joint Regional Economic Development Committee (Joint Committee) of Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway (**Attachment 1**).

At its meeting on 30 November 2023, the Joint Committee agreed that the Joint Committee, Te Rerenga Steering Group co-chairs and Northland Inc board of directors work together to refine and finalise the economic development strategy for Northland. Several attempts were made by Northland Inc to arrange for this to occur. An online meeting was held on 25 March 2024. Not all members from each of the three parties were able to attend.

During that meeting it became apparent that refining and finalising Te Rerenga as an economic development strategy for Northland would require considerable time and effort. A number of participants viewed Te Rerenga, in its current form, as a key aspirational, high-level vision document for advancing economic development in Northland. The need to respect the process by which it was developed was also acknowledged. Consequently, it was proposed that Te Rerenga, in its current form, be brought back to the Joint Committee for endorsement. This paper is prepared by staff in response to that outcome.

Following endorsement by the Joint Committee, each individual shareholder council will be asked to either note or endorse Te Rerenga at their next subsequent meeting.

Representatives from Northland Inc will be in attendance to discuss the final version of Te Rerenga and answer any questions.

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**Recommendation(s)**

1. That the report 'Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway' by Darryl Jones, Economist and dated 2 April 2024, be received.
  2. That Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway be endorsed.
  3. That Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway be noted or endorsed by each of the three local authorities who make up membership of the Joint Regional Economic Development Committee.
  4. That a letter be sent to the Steering Group acknowledging their contribution to the development of Te Rerenga and informing them of the Joint Committee's decision.
- 

**Options**

No.	Option	Advantages	Disadvantages
1	Endorse Te Rerenga	Recognises end of drafting phase  Allows Northland Inc to focus its attention on implementation	Some important actions and/or perspectives of some partners and stakeholders may not have been adequately or accurately represented
2	Not endorse Te Rerenga	No further effort required to implement	Process comes to an end. Funding for development

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			of Te Rerenga has been all used.
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The staff's recommended option is Option 1 to endorse Te Rerenga. The development of Te Rerenga has been a significant collaborative effort. It provides an aspirational, high-level vision to help guide economic development in the region.

## Considerations

### 1. Climate Impact

There are no known impacts in relation to causing an increase in regional greenhouse gas emissions. Te Rerenga supports efforts in the region to become more resilient to the impacts of climate change and to support businesses transition towards net-zero carbon-dioxide emissions.

### 2. Environmental Impact

Te Rerenga strives to take an intergenerational view of key issues, with the goal to enable transformational change and better outcomes for the community now and into the future. While the strategy focuses on economic development, it supports other pieces of work that foster a pathway to environmental sustainability, social prosperity, and wellbeing.

### 3. Community views

A Steering Group was assembled by Northland Inc to set the strategic direction, identify priorities, provide input into a high-level action plan and advocate for strategic outcomes within regional networks. The Steering Group includes representatives from Te Kahu o Taonui, Whāriki, Northland Inc, the Joint Regional Economic Development Committee, and the Tai Tokerau Regional Public Services Commissioner, as well as Northland business and community leaders. Engagement across the region gathered insights from business and industry sectors, local and central government, Māori, community including youth, workforce and education. To engage community and Māori, the development of the strategy was based on collaboration and co-authoring, which required an engagement process across the region spread over a number of months.

Specific feedback was also sought on the contents and approach of the draft strategy during a series of workshops with relevant stakeholders, including the Joint Committee, Kaipara District Council, the Far North District Council, Whangārei District Council, Northland Regional Council, the Steering Group and other forums. Draft versions of the strategy document were presented either at workshops or via a feedback platform to the aforementioned groups from May to September 2023.

Several workshops and discussions were held with industry sectors, thought-leaders, youth, Northland Chamber of Commerce, a range of SME's (small to medium enterprises), industry and central government agencies through the Tai Tokerau Northland Economic Action Plan (TTNEAP) Advisory and Working Groups, Council Māori Advisory Forums, community, private sector, Councils, large enterprise Chief Executive Forum, and the Mayoral Forum, regarding the development of the strategy. A draft Engagement document and feedback form was made available on the Northland Inc website.

### 4. Māori impact statement

As explained in the Community Views section, the development of Te Rerenga was undertaken based on collaborating and co-authoring with Māori. Feedback on Te Rerenga was sought from Te Kahu o Taonui and received through the Steering Group's Co-Chair Harry Burkhardt who is the Te Kahu o Taonui representative. The Steering Group representation was chosen to include an equal number of Māori members. In addition to Harry Burkhardt, other members of the Steering Group include Blanche Morrogh, Carol Berghan, Mihi Harris, Shane Witehira, Justice Heteraka and Lindsay Faithful.

### 5. Financial implications

At the time of writing this report there are no known financial implications. However, funding will be required to support the implementation of actions. Any funding requirements will come from the Investment and Growth Reserve (IGR) and existing financial commitments as set out in shareholder councils' Long Term Plans. Funding requests will need to align with the criteria for allocation of funding from the IGR.

#### **6. Implementation issues**

If Te Rerenga is endorsed by the Joint Committee, consideration will need to be given to an appropriate leadership model to guide implementation. Existing forums in the region including the Joint Committee itself and the Tai Tokerau Northland Economic Action Plan (TTNEAP) need to be considered. Staff will work with Northland Inc and the Steering Group co-chairs to develop some options for consideration by the Joint Committee.

#### **7. Significance and engagement**

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance when assessed against Northland Regional Council's significant and engagement policy. This does not mean that this matter is not of significance to tangata whenua and/or individual communities, but that the Joint Committee is able to make decisions relating to this matter without undertaking further consultation or engagement. As noted in the Community views section above, considerable input and feedback has been sought from a wide range of partners and stakeholders in drafting Te Rerenga.

#### **8. Policy, risk management and legislative compliance**

Making this decision is consistent with policy and legislative requirements. The role and responsibilities of the Joint Committee are set out in its Terms of Reference. The two relevant for the decisions in this paper are:

- 3) Receive advice and provide direction and support to economic development in Te Taitokerau.
- 4) Make recommendations to member councils to ensure a consistent regional approach is applied and adopted to economic development activity

There is a risk that this endorsed version of Te Rerenga does not include some important actions and/or that the perspectives of some partners and stakeholders have not been adequately or accurately represented. Northland Inc consider Te Rerenga to be a living document. There will be an opportunity to update and revise Te Rerenga as new information comes to light and as further engagement takes place during implementation.

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### **Background/Tuhinga**

At its meeting on 25 May 2020, the Northland Mayoral Forum tasked the Chief Executives to develop a regional economic development strategy as part of a broader proposal for the joint delivery of local government economic development services in Northland. Northland Inc were then tasked with facilitating the development of a strategy in partnership with local and central government, tangata whenua, regional communities, and industry.

In fulfilling this task Northland Inc conducted comprehensive background research of key strategic documents that speak to economic development and/or a wellbeing economy, integrating and aligning relevant elements of these works into the strategy. The development of Te Rerenga has been a significant collaborative effort and is a major achievement that will provide a solid platform for guiding economic development in the region.

The Joint Committee has been closely involved in the development of Te Rerenga. At its meeting on 30 September 2021, the previous Joint Committee allocated \$80,000 from the Investment and Growth Reserve (IGR) as a co-funding contribution to the developing Te Rerenga. The other co-funders were the Ministry of Social Development (\$100k) and Whangarei District Council (\$25k). Earlier versions of Te Rerenga have been discussed at four Joint Committee meetings: 20 April 2023 (high level direction), 18 May 2023 (strawman narrative), 15 June (initial draft), 20 July second draft) and 28 September (revised draft).

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### **Attachments/Ngā tapirihanga**

Attachment 1: Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway [!\[\]\(4729e517bc6a7cd81c8025b9646574fb\_img.jpg\)](#) 

TAITOKERAU ECONOMIC  
WELLBEING PATHWAY

# Te Rerenga





Lead by:

**NorthlandInc**

Growing Northland's Economy  
Kia tupu ai te ōhanga o Te Tai Tokerau



Supported by:



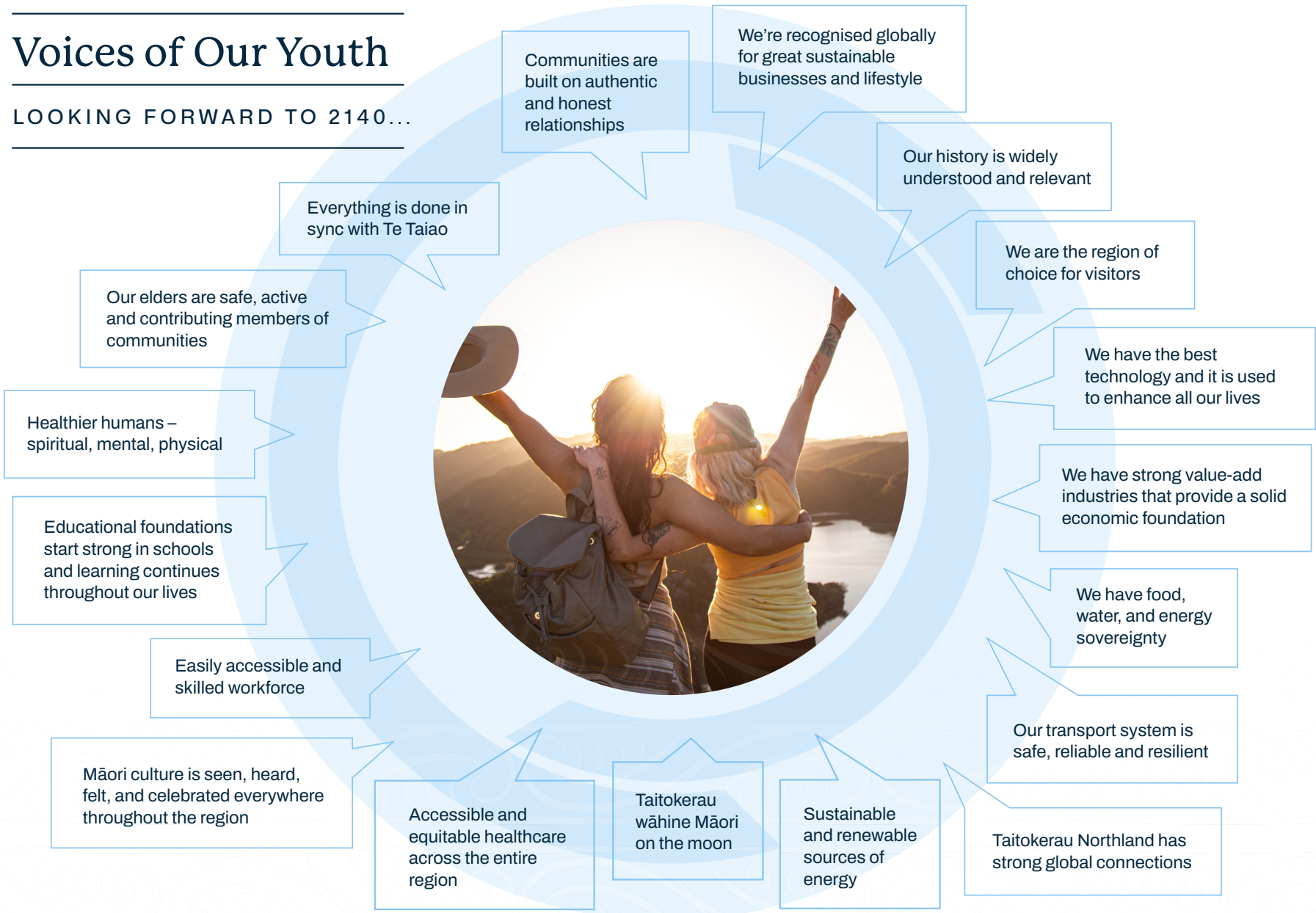
**Te Rerenga Steering Group Terms of Reference**

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# Voices of Our Youth

LOOKING FORWARD TO 2140...



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# Foreword

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**Taitokerau Northland Economic Welbeing Pathway** is a comprehensive evidence and strength-based strategy that encompasses the collective aspirations of our region. It has been co-created by representation from business and industry, Iwi/Māori, local and central government, community, Northland Inc, and guided by Te Rerenga Steering Group. Te Rerenga seeks to cultivate a prosperous, sustainable, and innovative economy for all to partake in its benefits.

**What is a Wellbeing Economy?** An economy that is designed with the purpose of serving the wellbeing of people and the planet first and foremost; and in doing so, it delivers social justice on a healthy planet.

**This is the first iteration in the hope** that in the months and years to come we will continue to build and strengthen this pathway, together. With this in mind, the aim of this wellbeing pathway is to bind effective working partnerships with local and central government, so we may resolve our hardest issues efficiently. By creating our best opportunities to produce the outcomes that have been co-produced with communities and investment stakeholders.

**Why design an economic wellbeing pathway?** Around the world important shifts are being witnessed in the understanding of progress and development. Societies and governments are moving beyond evaluating progress in terms of GDP or average income levels to evaluating progress in terms of quality of life and collective wellbeing. This shift in thinking comes from a recognition that wellbeing is determined by much more than money. A wellbeing economy is described as an economy that is designed with a purpose of serving the wellbeing of the planet first and foremost. In doing so it delivers social justice on a healthy planet. By recognising this, the ultimate measure of success is not wealth but wellbeing - now and for generations to come.

**Why now?** Northland's Mayoral Forum tasked Northland Inc in 2020 to develop a strategy, given it was two decades since the last economic development strategy was undertaken,

Northland Forward Together - 2002. There are many plans which speak to the region's economic development, but no one overarching strategy which can put its arms around all of those documents and brings alignment and cohesion. We need a strategy with an intergenerational view which outlines ways to improve the wellbeing of our region - economic, social, cultural, environmental.

**What will it do?** Te Rerenga Wellbeing Pathway, over a hundred-year horizon, is crucial for the future of our entire region, in areas like global competitiveness, technological advancements, demographic changes, regulatory landscapes and inward investments. However, does any of this matter without our social and cultural aspirations and thriving local communities enjoying high standards of living at the forefront?

**This wellbeing pathway shifts the focus** towards a more holistic and sustainable approach based around the intergenerational themes of people, economy and environment. Here you will find actions that offer a forward-focused approach to our future, one of deliberate planning.

**How will it be done?** This strategy empowers Taitokerau Northland to shape its destiny, fostering a region where people can grow, connect, and achieve balance with their environment. Importantly, this strategy is not limited to one group but involves many organisations, individuals, businesses, and community groups working together to create a place where people and enterprise choose to thrive.

**This strategy is for all and invites those who can invest to help drive our regional transformation.**



# He Whakaputanga me Te Tiriti o Waitangi

Home of He Whakaputanga and Te Tiriti o Waitangi, Te Taitokerau is the birthplace of the nation. Te Rerenga acknowledges that our nation's constitutional documents form a necessary foundation for the success of Taitokerau Northland's economic development and prosperity now and in the future.

He Whakaputanga o te Rangatiratanga o Niu Tirene declared the constitutional arrangements in Aotearoa - that Rangatira are sovereign in Aotearoa and that no one else could make or adjudicate laws without the permission of Te Wakaminenga. Te Tiriti o Waitangi re-affirmed Rangatiratanga and outlined that the Crown would join the established constitutional arrangements and govern their Hapū of European settlers. As such, Rangatira retained their sovereign powers and duties within the exercise of "tino rangatiratanga" and the Crown gained the ability to govern their own people through "kawanatanga".

Te Rerenga is an economic development strategy positioned within the kawanatanga sphere and therefore, acknowledges the Rangatiratanga of ngā Iwi me ngā Hapū o Te Taitokerau. Te Tiriti o Waitangi established a relationship between Rangatiratanga and Kawanatanga which allowed for an exchange of knowledge and resources and, the dual exercise of laws. Te Tiriti o Waitangi was transformational in its constitutional effect and Te Rerenga aspires to uphold and continue the legacy of Te Tiriti o Waitangi for the prosperity of Te Taitokerau - all Northlanders.

Te Rerenga focuses on three primary needs and aspirations for the wellbeing of Taitokerau Northland - environment, people, and economy. Our collective responsibility to Te Tiriti o Waitangi can be activated through each of these focus areas and provides a unique opportunity to elevate and enrich Taitokerau Northland's economic activity.



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# Developing the Strategy

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## A CO-CREATIVE PROCESS

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### Getting started

When we began the process of designing an economic wellbeing pathway for Taitokerau Northland, people, co-creation and a [wellbeing](#) approach were at the heart. We were after a plan that was practical and dynamic. A plan that enabled leaders and communities to progress; to remove obstacles as they appear, solve problems, and keep moving. A locally led, regionally enabled, centrally supported approach providing for diversity; for local economies to do what they know needs doing and for regional and central government levers to support the broader prosperity and wellbeing of the region. As a living document and the first of the thought leadership papers, with others to follow as we adapt, the focus is on areas of economic life most important for intergenerational wellbeing.

### The Concept of a Unifying Economic Strategy

The Mayoral Forum in 2020 first voiced a concept of a unifying economic strategy for Councils. It was part of a bigger discussion on joint delivery of local government economic development services in Northland through Northland Inc. Every region in New Zealand has an Economic Development Agency and Northland Inc is the Economic Development Agency for Taitokerau Northland.

A long term 100-year plus vision is proposed with three horizon timelines - 2024, 2040 & 2140.

Engagement across the region was essential with insights gathered from business and industry sectors, Iwi and Hapū, community, Te Hiku – Crown Social & Wellbeing Accord, local and central government, workforce and education sectors, those young and not so young.

[The Taitokerau Northland Economic Action Plan](#) Advisory and Working Groups, the Regional

Skills Leadership Group, Northland's Intersectoral Forum Regional Leadership Group, the Councils' CE Forum, small and medium business, [Northland Chamber of Commerce](#), Large Employers CE Forum and the Employers and Manufacturers Association.

### Moving from Concept to Action

The creation of this paper started as far back as early 2022 when Northland Inc put out a public invitation process for members to form a Steering Group. These thought leaders came from different areas and diverse sectors of Taitokerau Northland. They have helped to shape and guide this strategy.

The Northland Inc Board and their Executive Leadership have provided ongoing feedback and input from Far North, Kaipara, Northland Regional and Whangārei District Councils, along with Northland's Joint Regional Economic Development Committee. Representation from [Te Kahu O Taonui](#) have also been closely involved.

A review of key documents, regional, national, and international, that speak to economic development and/or a wellbeing economy was completed, integrating and aligning relevant elements of these works into the strategy. Of particular note are the [Destination Management Plan](#), [Regional Skills Workforce Plan](#), [Māori Economic Growth Strategy](#), and the [Tai Tokerau Northland Economic Action Plan](#).

We are grateful to all who contributed to this strategy's development, the result of several thousand hours of input. It is truly a collaborative effort, developed as a pathway that can be used by all in our community.



2140

# Our Future

*Papaki kau ana ngā tai ki Te Reinga,  
Ka ao, ka ao, ka awatea.  
E rere ngā tai o ngā moana e rua o Te Moana-tāpokopoko-a-  
Tāwhaki me Te Moana-nui-a-Kiwa.  
Mai i Te Tai Tamatāne ki Te Tai Tamawahine.  
Ko Te Taitokerau tēnei, tū te ao, tū te pō.*

*He rerenga tēnei mō te oranga tonutanga o tō tātou rohe.  
He rerenga mai i ngā mātua tūpuna, ki tēnei whakatupunga, rere  
tonu atu rā ki ngā uri e anga mai nei.  
Mai i Te Whakaputanga ki Te Tiriti o Waitangi, tae noa mai ki te ao  
hurihuri nei.  
He rerenga mō te ōhanga, mō te taiao, mō ngā lwi tāngata o Te  
Taitokerau.*

*He rerenga wai nō Ranginui, heke ki ngā maunga tapu,  
Rere iho rā i ngā kōawaawa o ngā haukāinga, tau atu rā ki ngā tai  
e rua nei.  
E rere nei ko te mauri o te ao tukupū.  
E whatua nei ko ngā tini aho ki te rerenga kia ū, kia mau, kia ita.*

**The rerenga is the flow of the tides where our two  
oceans join together at Te Reinga.**

We are Taitokerau Northland 2140! We have arrived at our future by design rather than chance.

We know who we are, where we came from and where we are going. We invest time in relationships, which are strong and valued.

We actively uphold our responsibility to Te Tiriti o Waitangi. We recognise that all things are connected and interrelated.

We are explorers, navigators and entrepreneurs who lead change. We keep our gaze on the horizon; the long pathway. Decisions sit with us. We are locally led, regionally enabled, and centrally supported.

We empower our own, to stand tall at home and on the world stage. We have strong succession and a commitment to life-long learning.

We have an unparalleled wellbeing economy that through mātauranga and innovation, protects and works in synch with the planet. Economic activity is informed by our whakapapa relationship to the environment, regulated and informed by local tikanga.

Our businesses trade internationally and are thriving, resilient, globally respected and connected. Māori enterprises are flourishing. We innovate and leverage our uniqueness.

We have affordable spaces and places that work for us and the environment. We travel with ease enjoying robust infrastructure.

We lead in looking after our people and our place, operating with humility and provenance. Our young, our old, our vulnerable, are all nurtured. We achieve our potential and live long lives.

We are a region of hope and commitment to intergenerational, sustainable prosperity and wellbeing. We have thrived along our pathway.

We know generations to come will stand on our shoulders and be proud of the work we have done.

We are Taitokerau!



# Our 2140 - OUR FUTURE, TE RERENGA STEERING GROUP HUI, 2023



AROHA, 29 YEAR-OLD.  
FIRST PERSON ON MARS.  
“Taitokerau Northland is where our ancestors’ dreams meet our own, creating a future full of pride and purpose.”

2040

# Our First Milestone

## First milestone- change is needed!

Our first milestone at 2040 was chosen to align with the significance of the commemoration of the 200-year anniversary of the signing of Te Tiriti o Waitangi in Te Taitokerau Northland. In this short timeframe, our mission is clear; to purposefully empower a change in the course of our region for the betterment of our people and place. We will determinedly seize opportunities, connections, and capability, while being good guardians.

The high-level plans for the three key themes of Environment, People and Economy were identified through several pieces of work, in conjunction with the Te Rerenga Steering Group. Firstly, a review of the rich strategic kaupapa that has already been undertaken over the last 20 years here in Taitokerau Northland. This then evolved through a series of engagement processes with various organisations, including business and industry, Māori, local government, and individuals via survey and hui.

We have taken the best of existing works such as the Tai Tokerau Northland Economic Action Plan; He Tangata, He Whenua, He Oranga; Taitokerau Destination Management Plan; and Te Purunga ki te Raki Regional Workforce Plan, Ngā Taumata O Te Moana, Long Term Plans and many other Council documents.

Three key missions are identified to drive change in addressing our key challenges, while supporting the realisation of opportunity.

THEME	TE TAIAO OUR ENVIRONMENT	TE TANGATA OUR PEOPLE	TE OHANGA OUR ECONOMY
FUTURE STATE	Sustainable environmental stewardship (protect and restore)	Skilled, resilient workforce and workforce pipeline	Fit for purpose, resilient infrastructure and technology that enables productivity
KEY MISSION	Drive innovative solutions building environmental resilience	Grow skills and talent to ensure our people match our exciting growth opportunities	Boost infrastructure and investment to address Northland's infrastructure deficit
OWNER/S	<ul style="list-style-type: none"><li>Central and local government</li><li>Private sector</li><li>Māori/business/ community</li></ul>	<ul style="list-style-type: none"><li>MBIE, industry, government, community working together, including tertiary providers</li></ul>	<ul style="list-style-type: none"><li>Collaborative and cohesive commitment between the region, Iwi, central and local government and private interests</li></ul>

# Wellbeing Logic

Needs and Aspirations  
of Northlanders

03 | OUR ECONOMY

Support the development of a progressive and successful economy where people of Taitokerau Northland have a raised standard of living comparable to the rest of New Zealand.

02 | OUR PEOPLE

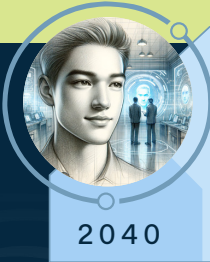
Empower our people to reach their full potential, be in good health and actively engage in the workforce and community, in the place of their choice.

01 | OUR ENVIRONMENT

Develop the environmental foundations and conditions necessary to support a resilient, sustainable environment and a thriving regional economy.

Programme Governance,  
Implementation, Planning,  
Monitoring, Evaluation

Programme implementation team plans, develops, delivers, monitors, evaluates, and report to agreed programme plan.



BILLY-G, 19 YEARS OLD

“Move out of the way!  
Entrepreneurs in the  
house.”

Outline Programme Implementation Plan: Years 1-10 (across 100+ year programme)

Te Taiao - Our Environment

**In 2040 our relationship with the natural world is healthy.** Innovative solutions with a circular economy approach are in place, such as energy and waste efficiency, mitigating climate impacts, improving resilience, accelerating the transition to a clean energy future, and addressing social and economic concerns. When utilising natural resources, we ensure development is sustainable and appropriate. We have established mechanisms for best practice that respect and preserve the natural environment. We have preserved open spaces and ensured public access, recognising the value these spaces bring to our communities. [Te Tai Tokerau Climate Adaptation Strategy](#) and Council Long Term Plans have strategically aligned.

We are vigilant in safeguarding our waterways and freshwater supply, [Te Mana o te Wai](#) , exemplified by initiatives like Te Taitokerau Water Storage Project [Nga Puna Wai](#) and local government reforms. In our quest for resilience and holistic wellbeing, we acknowledge the importance of melding Western science with indigenous knowledge and practices. Mātauranga Māori has served as a tool facilitating the transition towards a tikanga approach, fostering inclusivity and cultural integrity including policy development.

We have restored and value our connection to the natural environment. Nature has the right to thrive in our region without overuse. Our approach is guided by the aspirations of our people for our treasured home - the natural world. It shapes our planning, strategy, and actionable initiatives, thereby forging a sustainable and thriving future.

OUR ENVIRONMENT   Develop the environmental foundations and conditions necessary to support a resilient, sustainable environment and a thriving regional economy				
HIGH-LEVEL ACTIONS	HIGH LEVEL GOALS	DRIVER	YEARS 1-5	YEARS 6-10
<div>1.1 Plan for our natural resources to be utilised sustainably.</div> <div>1.2 Develop a long-term adaptive roadmap that ensures the region transitions equitably to a thriving net zero emission society by 2050.</div> <div>1.3 Create a regional best practice Environmental Toolbox.</div> <div>1.4 Develop a Mātauranga Māori Lead Policy of regional stewardship with regard to the circular economy and Takarangi model.</div> <div>1.5 Review and reset Arohatia Te Taiao – Flicking the Switch.</div> <div>1.6 Support the implementation of the Te Tai Tokerau Climate Adaptation Strategy <a href="#">Tai Tokerau Climate Adaptation Strategy</a>.</div>	<div>• Strengthen environmental stewardship, focusing on restoration and doing no further harm.</div> <div>• Innovation highly visible and delivering solutions.</div> <div>• Protect and restore waterways and fresh water supply – Te Mana o te Wai.</div> <div>• Climate resilience, reducing emissions, while developing a light environmental footprint.</div> <div>• Mātauranga Māori led approach, in sync with the natural world, Te Taiao and at the centre of decision making.</div>	<div>Māori, NRC, DoC, TPK, MBIE, MPI, Northland Inc.</div> <div>Private sector, Māori, local &amp; central govt, Top Energy/ Northpower.</div> <div>Māori, industry, community, NRC, DoC.</div> <div>Iwi/Māori, NRC, DoC, community.</div> <div>NRC, DoC, Māori.</div> <div>Councils of Northland, tangata whenua representatives of Councils, Māori.</div>	<div>Mapping of natural resources, consumption, waste generation and mitigation.</div> <div>Long-term adaptive roadmap.</div> <div>Regional best practice Environmental Toolbox.</div> <div>Mātauranga Māori Lead Policy.</div> <div>Refreshed Arohatia Te Taiao.</div> <div>Climate Adaptation Strategy implementation significantly progressed.</div>	<div>Subject to review of value/ effectiveness.</div>

TAMA, 24 YEAR-OLD HAPU SPATIAL PLANNER

“We’ve held tight to Te Taiao at the centre of our decision making, we’re thriving!”

2090

# Te Tangata - Our People

**In 2040 we are bound by a positive narrative that unites us all.** We have visible leadership and a united voice for the region when it matters, for the best of everybody. This collective effort nurtures our naturally curious young minds, paving the way for their growth and ensuring a strong succession plan for our future leaders, our rangatahi. Guided by the principles of localism and subsidiarity, decisions that shape our region are made right here on our doorstep, ensuring a deep connection between the choices and the community they impact.

We champion ‘place-based’ initiatives, empowering our communities and building their capabilities from within. We have created a pathway greater than the sum of its parts. Our approach is simple yet effective: locally led, enabled regionally, and boosted by central support.

As we reimagine our workforce across sectors, we embrace the transformative power of technology, redesigning education solutions. Our workforce transforms into a resilient, sustainable, skilled and highly productive collective. We embrace innovation, future skills pathways, and high-value jobs. Central to our narrative is inclusivity, and the nurturing of our young minds, laying a robust foundation for their future prospects. Through our collective efforts, we forge a path towards a workforce that embodies resilience, sustainability, and productivity ensuring every individual has an equitable opportunity to thrive in the labour market. Accessible to all.

Our aspiration is communities where longevity is matched by quality of life and wellbeing is universal for all. Our mindset has shifted. Innovation knows no bounds. We know nothing changes if nothing changes, so together, we write our future, where the promise of Taitokerau Northland’s potential is fulfilled by the hands of its people.

2140

AYDYN, 15, SCHOOL CAREERS DAY

“In Taitokerau Northland we learn, we lead, we lift, we make a difference in the world and there’s no limit to what we can do.”



OUR PEOPLE   Empower our people to reach their full potential, be in good health and actively engage in the workforce and community, in the place of their choice.				
HIGH-LEVEL ACTIONS	HIGH LEVEL GOALS	DRIVER	YEARS 1-5	YEARS 6-10
<div>2.1 A united voice when it matters for the best of everybody.</div> <div>2.2 An ecosystem developed which grows good leaders.</div> <div>2.3 Empowered local decision-making in place – a locally led, regionally enabled, centrally supported approach.</div> <div>2.4 Transformative education and workforce development so our people can stand connected with confidence and competence anywhere in the world.</div> <div>2.5 Healthy, secure, and affordable housing solutions appropriate to our people’s needs.</div> <div>2.6 Taitokerau Northland Hauora Health strategy 2040 implemented.</div>	<div>• Strong, cohesive leadership – courageous wayfinders, championing agreed narratives.</div> <div>• Enduring legacies of wellbeing and prosperity in communities.</div> <div>• Access for all to good sustenance, quality education, nature, and healthy affordable homes.</div> <div>• Empowered communities that are connected, resilient and self-determining.</div> <div>• Improved quality of life with equity.</div>	<div>Regional and Local Leadership Forums.</div> <div>Community &amp; Region.</div> <div>Communities, Industry, Local &amp; Central Government.</div> <div>Community working with tertiary education providers, Industry Groups, local &amp; central government Agencies.</div> <div>Community, Industry, Māori, Northland Inc, central and local government.</div> <div>Te Whatu Ora, Community, Industry, Māori, central and local government agencies.</div>	<div>Forums in action achieving positive outcomes.</div> <div>Visible leadership &amp; growing.</div> <div>Increase in locally made decisions.</div> <div>Tertiary infrastructure significantly improved.</div> <div>New service delivery partnerships in place.</div> <div>Whangārei Knowledge precinct.</div> <div>Affordable housing in place.</div> <div>Health Strategy implementation well progressed.</div>	<div>Subject to review of value/effectiveness.</div>



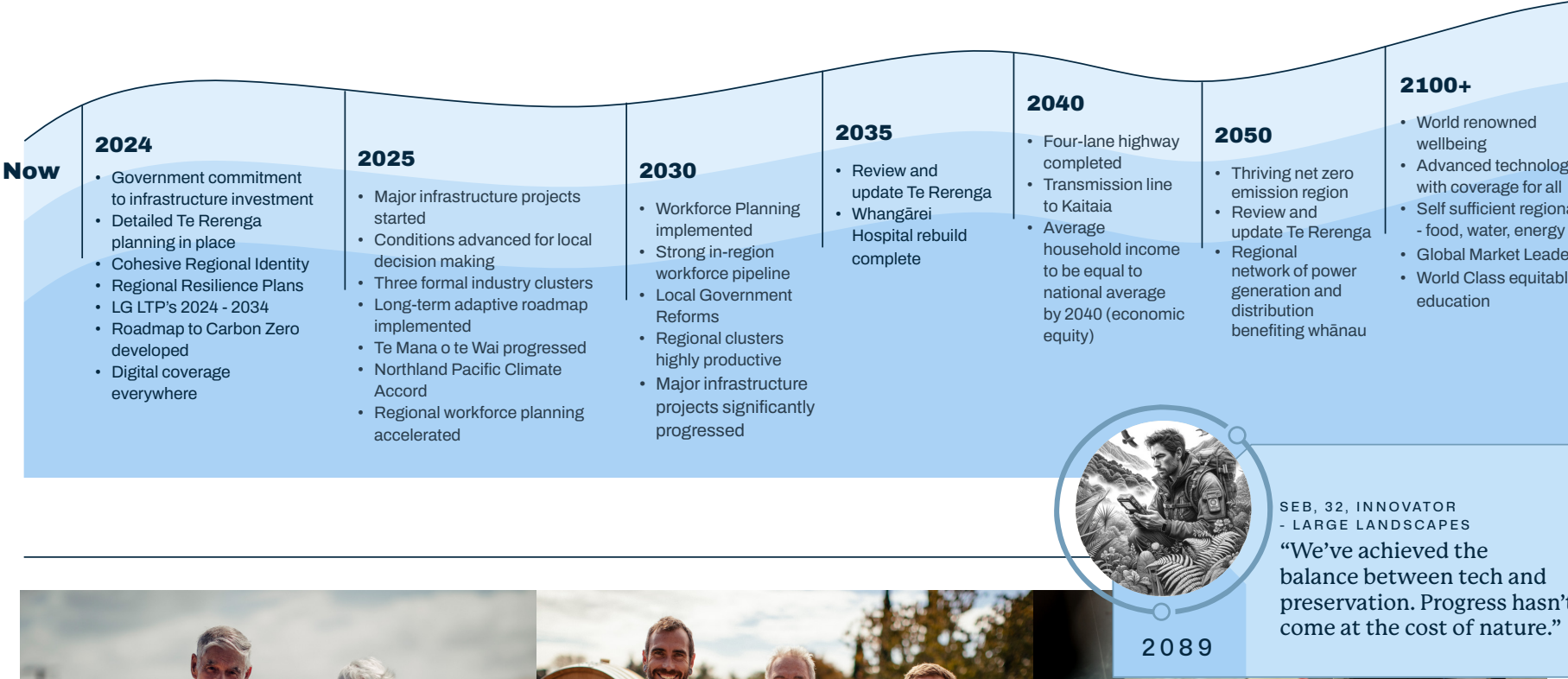
# Te Oranga - Our Economy

**In 2040 our economy is one of opportunity**, anchored in a long history of trade, export and entrepreneurship. We embrace innovation, new thinking, research, and development. Our productivity is high. We have embraced technology. We flourish in an enabling, agile, flexible, business-friendly ecosystem. We design and deliver sustainable growth practices, embracing a circular regenerative economy, affirming and developing our own competency frameworks. We have a cohesive global identity and celebrate and promote our unique value proposition. Our Māori economy is thriving supported by an environment that reinforces prosperity and wellbeing.

Collaboration and collective action have attracted long-term investment for resilience of our infrastructure, new and existing - roads, rail, sea/port, air, digital, water and power. We have a four-lane arterial highway - our economic lifeline. We have affordable, accessible connectivity everywhere. We have command of our supply chain. We have our own regional energy network, generating and distributing power, with the benefits going back to our communities. Effective water storage supplies, businesses and community. We are a major enabler of Auckland's rapid growth through our strong high-value manufacturing, energy sectors and natural food supply. Technology has transformed our emerging sectors (advanced transportation, space, digi tech and innovation, aquaculture, renewable energy, high-value foods) and our foundational sectors (agriculture, horticulture, tourism, construction, health and services). Clusters have supported the internationalisation of many of our businesses, industrial transformation, and the development of specialisations within our region. Robust local data supports decision making. We are meeting the needs of our changing demographics such as population growth. We highly value the non-monetised benefits: the pool of expertise, mentorship, shared learnings and transfer of knowledge across generations, available to our region through the voluntary sectors, NGO's, marae, Hapū and Iwi. This contributes to our holistic wellbeing and regional resilience far beyond economic prosperity.

OUR ECONOMY   Support the development of a progressive and successful economy where people of Taitokerau Northland have a raised standard of living comparable to the rest of New Zealand.				
HIGH-LEVEL ACTIONS	HIGH LEVEL GOALS	DRIVER	YEARS 1-5	YEARS 6-10
<div>3.1 Implement a multi decade Resilience Plan for multi modal transport infrastructure, digital connectivity, and energy. Prioritise a four-lane highway Warkworth to Mid-North with all three airports functional.</div> <div>3.2 Strategic development of key sectors where we have natural advantage including export pathways: Primary sector (agriculture, agritech, horticulture, forestry, fisheries and aquaculture), High Value Manufacturing, Construction, Destination Management, Digital Connectivity/Digitech, Natural Food and Medicinal production, service sector and the blue-green economy.</div> <div>3.3 Support acceleration and additional resourcing for the implementation of the <a href="#">Tai Tokerau Northland Destination Management Plan (TNDMP)</a>.</div> <div>3.4 Taitokerau Northland positioned for substantial investment for infrastructure and as an enabler for Auckland.</div> <div>3.5 Develop, foster, and implement Regional Clusters such as mid-north's Ngāwhā Innovation and Enterprise Park.</div> <div>3.6 Identify and support Social Investment projects with economic wellbeing outcomes.</div>	<div>• Resilient infrastructure and connectivity: fit-for-purpose, integrated, efficient, safe and accessible (Including logistics, energy, digital, land and water).</div> <div>• Economic equity by 2040.</div> <div>• Average household income to be equal to national average by 2040 (economic equity).</div> <div>• The region strongly positioned globally.</div> <div>• Regional identity celebrated &amp; promoted.</div> <div>• Regional clusters lifting prosperity through innovation, entrepreneurship, and collaboration.</div>	<div>Central &amp; local government, private interests (industry), Māori, Regional Transport Committee, Civil Defence, Communities.</div> <div>Industry, Māori, and Northland Inc.</div> <div>TNDMP Leadership Advisory and Working Groups, Northland Inc &amp; industry.</div> <div>Industry, private sector, Northland Inc, Māori, Local &amp; Central Government.</div> <div>Northland Inc, Industry, Māori, Local Government, FNHL, Community.</div> <div>Projects identified and supported.</div>	<div>Resilience Plan 4-lane highway underway.</div> <div>Key priorities progressed.</div> <div>Shared food manufacturing facility completed.</div> <div>TNDMP significantly progressed.</div> <div>Business Case Completed.</div> <div>Initial investment.</div> <div>Initial regional clusters formed.</div>	<div>Subject to review of value/ effectiveness.</div>

# Here to There



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## Conditions for Success

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The shiny nuggets often get the cameo moment and a feel-good, but many don't last the distance. The ingredients for failure are things like lack of resourcing, poor product design, not enough establishment time, inability to test and adapt, lack of visible leadership, complexity with too many players, substandard programme cadence, lack of skills and so the list goes.

But...what do successful projects and successful businesses do to ensure their products and services are sustainable, valued & successful?

**What is a critical success factor?** It's something we've learned, through experience, that we **MUST HAVE** for Te Rerenga to succeed. These are non-negotiables. It is a specific requirement or factors that must be met or achieved in order for a project, initiative, or strategy to be considered successful.

**We apply these critical success factors in all we say and do:**

- Visible Leadership
- Locally led decisions, regionally enabled, centrally supported
- Culture of accountability
- Right skills, right time, right people, right place
- Serve Taitokerau Northland whānau at the decision-making tables
- Maximise economic opportunity as a way of achieving social outcomes
- Resourced to succeed, funded to flourish
- Implement lessons learned
- Compelling communication
- Bring in help when needed
- Build local capability

**We agree to these as critical to the success of Te Rerenga.**



2024

# Our Starting Point

## Birthplace of a Nation

Taitokerau Northland is located at the northernmost part of Aotearoa New Zealand and holds a significant place in the nation's history as the birthplace of New Zealand. It is home to the nation's first two constitutional documents, He Whakaputanga (1835) and Te Tiriti o Waitangi (1840). These internationally recognised foundations shaped the pathway for the development of the regional economy and played a pivotal role in shaping Aotearoa's identity. This was led by Taitokerau Rangatira through extensive international trade and export agreements, and prior to 1840, were already integral players in the region's economy.

Rich in culture and history, the region boasts a stunning natural environment north of a boundary line that stretches from south-east of Mangawhai across to the Kaipara Harbour and all the way up to New Zealand's northernmost tip, Cape Rēinga. Taitokerau Northland has more than 3,000km of coastline, 1.25 million hectares of land, excellent air quality and an abundance of freshwater.

## Leveraging natural advantage

As the northernmost and warmest of Aotearoa New Zealand's 16 regions, Northland is known as the 'Winterless North'. The low elevation and close proximity to the sea result in a mild, subtropical climate and provides a natural advantage. The region is a combination of natural taonga such as golden beaches, secluded coves, breathtaking seascapes, ancient forests, and a rich tapestry of flora and fauna.

Taitokerau Northland's main industries are primary (agriculture, horticulture, forestry, fishing, marine activities), wood processing, tourism, marine engineering, and value-added manufacturing. The deep-water harbour at Whangārei is home to Northport and Channel Infrastructure (formally Refining NZ). Some of the world's most exclusive superyachts have been built in Whangārei. Other industries around the region include cement manufacture, wood products and dairy processing. Over half off the region's land area is used for pastoral farming, while tourism activity in Northland is higher than the national average. Many work in the services industry, which makes up over a third of the region's economy and provides for much of the regions employment, especially in more urban areas such as Whangārei City and towns.

## The Māori economy

The Māori economy's distinct tikanga-based approach emphasises intergenerational wellbeing, environmental sustainability, and Rangatiratanga (self-determination). Taitokerau Māori view land, people, and nature as interconnected through whakapapa, demanding responsible stewardship. This approach, a bedrock for Māori success, intertwines cultural values with economic endeavours.

The Taitokerau Māori economy, a blend of developing and developed aspects, plays a pivotal role in regional prosperity. [He Tangata He Whenua He Oranga 2015](#) strategy reflects Māori aspirations for cultural legitimacy and Rangatiratanga. This tikanga-based template focuses on generational and sustainable well-being, upholding Māori self-determination.

To catalyse Māori economic transformation, conversations must align with Māori values. The commitment to the United Nations Declaration on Rights of Indigenous Peoples ensures support for culturally appropriate economic development. Māori rights to maintain spiritual connections with land and resources are affirmed, demanding fair processes from the government.

To unlock Māori economic potential, genuine partnerships, equitable access to education and employment, infrastructure investment, and Treaty case resolutions are crucial. Diversification opportunities in aquaculture, tech, tourism, energy, and agriculture should empower Māori Rangatiratanga. Striking a balance between people, place, assets, and business development is vital for sustainable growth.

The Taitokerau Māori economy, poised for substantial growth, is essential for regional success and future prosperity. Upholding tikanga values, sustainability, and Rangatiratanga in Te Rerenga will intertwine cultural integrity with economic success, shaping the region's resilient and innovative future.



## Opportunity

## Productivity

## Investment

## Potential

Taitokerau Northland has huge potential. However, that potential needs to be realised. Increasing inclusion and equitable outcomes require new opportunities for people. Having more people with higher skills has been a long-term battle as the jobs that require high skills are in short supply and often not filled by Northlanders. Taitokerau Northland needs, demand side pull to match all the efforts that locals are making in the labour supply through strengthening educational and training organisations and the mechanisms that support in-work success. The economic engine working better will address long standing inequities.



# Our Priority Pipeline

To start Taitokerau Northland on the journey to success, we have identified actions that will drive the initial transformation to a wellbeing economy by 2040.

## INFRASTRUCTURE

*A multi decade Resilience Plan for multi modal transport infrastructure, energy, water and digital connectivity, with immediate actions identified.*

Connecting Taitokerau Northland - *Deliver a Northland Expressway and improvement in major roads*

- Implement a quality transport system connecting Northland to Auckland ensuring roads are safe for our community.
- Northland Expressway (four-lane) from Warkworth to Whangārei
- Resilient State Highways Whangārei to Te Hiku
- Multi modal access from Northport to Auckland
- Roothing network across Northland improved and resilient
- New Whangārei Airport development confirmed
- Rail link Auckland north with mid-north logistics hub

## CHANGE FOR A RESILIENT ENVIRONMENT

*Create resilient infrastructure by improving critical services and ensuring our communities are ready and supported around changes in climate*

- Energy - Facilitate renewable energy generation including an upgraded power transmission line Bream Bay to Kaitaia, and support of a regional network of power generation and distribution with maximum benefit to consumers
- Water – Support security of water supply for industry and towns/communities, primary sector, and wastewater and waste improvements
- Digital – Improve connectivity, skills and capability, providing equitable and affordable coverage across the region

## DESTINATION MANAGEMENT

*Enhance the value of our visitor experiences in collaboration with Iwi, Hapū and stakeholders, for the benefit of our communities, businesses, the environment, and future generation*

- Acceleration and further resources for the implementation of the Taitokerau Northland [Destination Management Plan](#) including product development, environmental stewardship, marketing, capability, insights, leadership and infrastructure
- Deliver Taitokerau Northland positioning as a cohesive identity – celebrating and promoting our unique value proposition Increase quality visitor accommodation across Northland
- Develop the entertainment precinct in Whangārei's Town Basin

## ENVIRONMENT

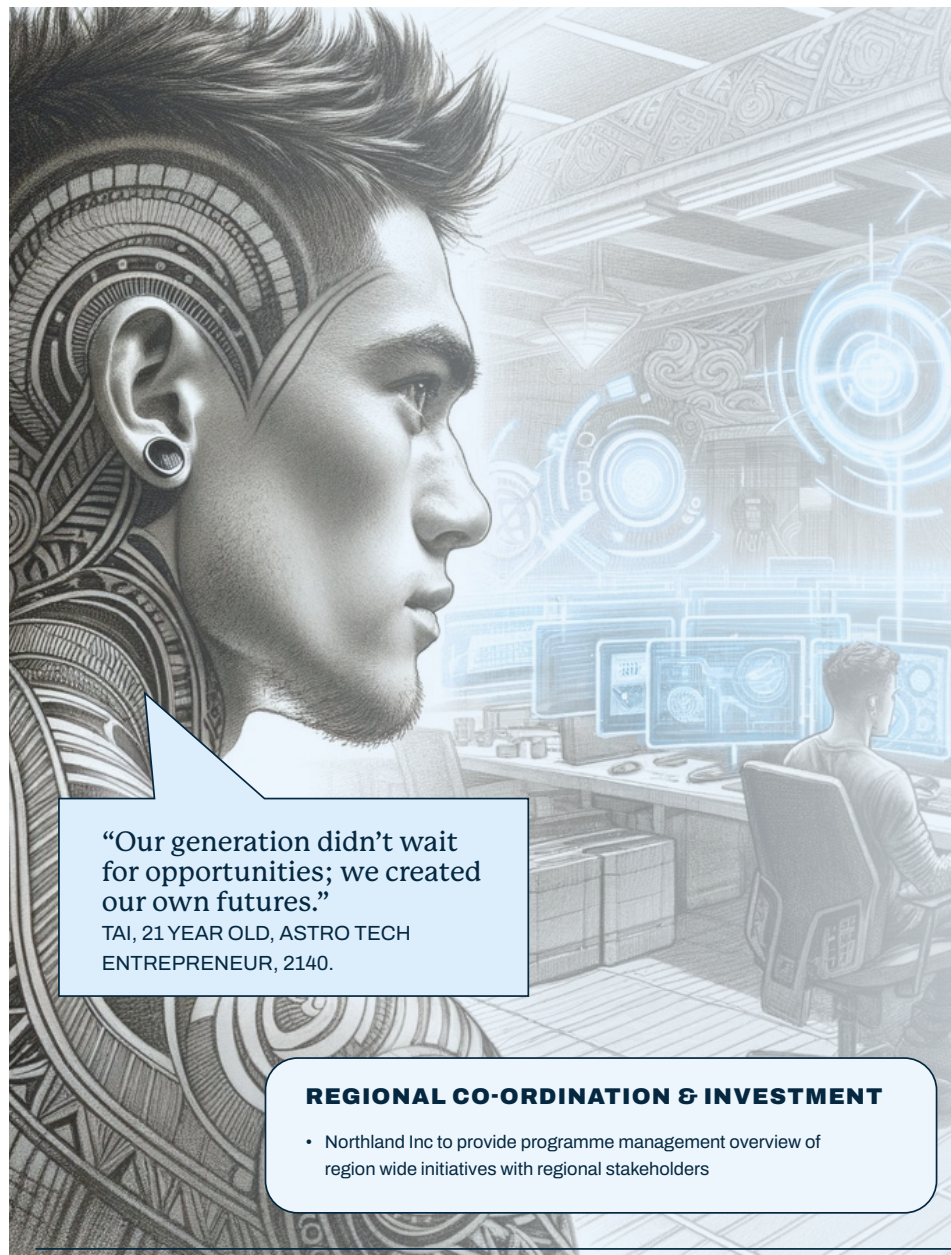
*Protect and enhance the biodiversity & our natural resources through increased investments in innovation & workforce development*

- Develop a long-term adaptive roadmap that ensures the people and environment of Taitokerau Northland are resilient in a changing climate and the region transitions equitably to a thriving net zero emission society

**“We’ve grown a knowledge-driven economy and share our talents across the globe.”**

DAVID, 29 YEAR OLD, 2038





**“Our generation didn’t wait for opportunities; we created our own futures.”**  
TAI, 21 YEAR OLD, ASTRO TECH ENTREPRENEUR, 2140.

**REGIONAL CO-ORDINATION & INVESTMENT**

- Northland Inc to provide programme management overview of region wide initiatives with regional stakeholders

**INVESTMENT**  
*Enable investment into key activities including sector and place-based opportunities*

**Inward Investment**

- Champion inward investment opportunities through Northland Inc's Landing Pad
- Position through projects, Taitokerau Northland as an enabler of Auckland (particularly northern and western Auckland growth pressure)
- Enable an environment for business growth and export

**Sector Based**

- Primary Sector - Increase adaption and innovation in the primary sector, land use optimisation and high value-add manufacturing including a shared food manufacturing facility
- Grow the services sector particularly for our urban-based young people
- Support the growth of the natural foods/medicinal sector

**Marine Sector**

- Install infrastructure to support the growth of marine manufacturing such as the Dry Dock Project
- Realise opportunities to increase market demand for marine manufacturing and refit such as the Inshore Innovation project

**Aquaculture**

- Maximise the value of aquaculture farms through innovation, extend into high value land-based (expansion of Kingfish) and innovation marine-based initiatives such as spat, algae, seaweeds, mussels

**Creative Sector**

- Build on the region's artistic, cultural and heritage strengths, realising benefits that creativity brings to the region

**Digital/High Tech Sector**

- Deliver on a plan to achieve 100% connectivity, 100% opportunity, affordably, equitably, with skills pathways especially for our rangatahi

**Place Based**

- Activate distributive economic activity across the region such as Te Hiku, Hokianga, Kawakawa, Kaikohe, Kerikeri, Bay of Islands, Dargaville, Mangawhai, and Whangarei.
- Support economic development of Ngawha Innovation and Enterprise Park and other like centres within Northland
- Support a primary industry-based focus and targeted growth (all of region)
- Support developments in Marsden Point area

**ENTERPRISE & INNOVATION**  
*Enable the business and innovation sector with targeted support for Iwi, Hapū and whanau initiatives*

- Enable an environment for business growth and export
- Enable Iwi, Hapū and whanau business development and growth
- Negotiate procurement conditions necessary to deliver preferred supplier status for Taitokerau Northland enterprises with all Crown and local government agencies via procurement policy and large-scale contracting

## WORKFORCE DEVELOPMENT

*To stand connected with confidence and competence anywhere in the world*

- Accelerated implementation of workforce planning
- Supporting regional leadership to drive seismic shifts in the Tertiary Sector to empower local and regional decision-making
- Support at speed and scale, filling the pipeline of skills urgently with priority emphasis on economic development
- A high-level programme of workforce needs for all major projects to 2033
- Supporting pilot programmes and 'earn and learn' opportunities across the region, especially for youth, wāhine and those with a disability

## EDUCATION

*An education ecosystem that delivers equitable, excellent outcomes*

- Improved, fit for purpose tertiary infrastructure across Taitokerau Northland
- Progress a knowledge precinct in Whangārei including tertiary programme delivery

## HEALTH

*People living longer in good health, having improved quality of life with equity between all groups*

- High quality services and facilities accessible for all across the region
- Partnerships with those in other sectors to address social and economic drivers of health, and ensure environmental sustainability and thriving, climate-resilient communities
- Assess and deliver on economic development aspects of the Whangārei Hospital rebuild and social impact analysis

## HOUSING

*Housing – healthy, secure, and affordable solutions*

- Support the increase of affordable, healthy housing stock prioritising communities of greatest need
- Ensure associated infrastructure is in place to support housing growth (water, power, roading, open spaces)
- Support the increase of Papakāinga and Māori Housing
- Deliver a business-friendly environment to support equitable housing outcomes
- Advocate for local employment and business development through housing initiatives

**“Wellbeing is our ultimate currency.  
Not just living; but truly thriving.”**

KIMI, 23 YEAR-OLD, REGENERATIVE  
ECONOMY ENTREPRENEUR 2067



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# Outcome Indicators

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As we transition to a wellbeing economy, we will monitor our progress and measure performance over time. A range of indicators are required to guide and assess this progress.

An initial set of indicators across our wellbeing themes of economy, people, and environment have been chosen to show how our region is performing. These have been selected based on the future state for 2040 and because they are currently available.

Consideration has also been given to the suite of indicators used in other wellbeing frameworks both domestically such as New Zealand Treasury and the Waikato Wellbeing Project, and internationally e.g, the OECD and indigenous Takarangi approach.

Some of the indicators can be reported on at a district council level (marked with \*) with others able to be reported by ethnicity (marked with ^). It is intended that where a district or ethnic breakdown is available, then commentary on the indicator at this level will be provided in progress reporting.

Limited datasets pose a significant barrier as not all metrics exist, and of those that exist, not all offer the granularity required, especially at a sub-regional or community level. Also, some sector-based data has ceased to be collected over recent years, so we will look to add more indicators once data collectors confirm those future data sets.

This initial set of indicators, which is **‘what we know’** will be further refined as part of the implementation process, including feedback with wider partners and stakeholders, and research. There is a lot that **‘we know now but can’t collect yet’** and then there is **‘what we would like to collect’**.

As we move forward with the strategy, we will develop indicators that tell us where we are making progress and crucially where more interventions are required. In the meantime, we will work with what is available.



### TE TAIAO - OUR ENVIRONMENT

Indicator	Current level	2040 target
Freshwater quality (index)	To be calculated	Improve
Swimming quality (coastal and freshwater)	To be calculated	Improve
Greenhouse gases	4 million tonnes CO2 equivalent	Reduce carbon emission by a minimum of 25% on the path to net carbon zero by 2050
Air quality	To be calculated	Maintain air quality

### TE TANGATA - OUR PEOPLE

Indicator	Current level	2040 target
Income inequality*	To be calculated	Decrease over time
Child poverty (% of children living in households with low income)	14%	Decrease to less than 5%
Education level (Total 18-yr olds with a Level 2 qualification or above)*^	78% (National average 82%)	Increase to at least national average
Residential building activity*	1,380	Increase in activity at least matches population growth
Home Affordability Index	39.7%	Reduce to at least national average
Social connectedness	To be calculated	Increase over time

### TE OHANGA - OUR ECONOMY

Indicator	Current level	2040 target
Productivity (GDP per worker)	\$117,281 (Average real growth over past 5 years 0.2%, decade of 0.8%)	Increase productivity by at 1% per annum in real terms
Economic diversity (HH Index)	23.3	Improve economic diversity shown by a reduction in the HH Index to less than 20
Underutilisation rate	13%	Reduce to less than 10%
Proportion of young people (aged 15-24 years) actively engagement in meaningful employment, education and training (NEET) ^	84%	No less than 95%
Annual mean income from salaries and wages*	\$64,240	Increase 1% per annum in real terms
Business (number of units)*	23,253	Business - Growth at least equal to population growth
Business capital index*	To be calculated	Growth in private sector capital investment of 1% per annum
Maori Unemployment rate	8.5%	Decrease to 5%

## Building Momentum

This strategy provides a pathway for Taitokerau Northland's transition to a wellbeing economy. It represents high-trust collaborative partnerships between businesses, industries, Iwi, Pakihi Māori, communities, local and central government. It belongs to all of us. Each has a part to play.

A key priority will be Taitokerau Northland's leadership platform vigorously advocating with a united voice for investment into crucial regional priorities, to the new government. The Joint Regional Economic Development Committee (JREDC) of Northland Local Government will revise the governance and Steering Groups of Te Rerenga and other plans, to ensure an appropriate leadership model is in place. The region has successful models to draw from, such as the Tai Tokerau Economic Action Plan (TTNEAP). Northland Inc will provide the Secretariat role to support and advise the governance group and engage a Project Implementation Team.

The initial work plan will run from January 2024 to June 2024.

### Immediate actions for Northland Inc working with regional leadership to June 2024:

- A leadership model in place for governance of the strategy implementation
- Funding and resources secured to stand up a Project Team (PMO) within Northland Inc to drive the strategy implementation for the long-term, and administrate and support governance
- Potential public and private funds identified to deliver the first of the initiatives in the priority pipeline
- A detailed work programme, regionally agreed with action owners confirmed
- Regional outcomes and indicators confirmed
- Ongoing delivery of Tai Tokerau Northland Economic Action Plan, Destination Management Plan and workforce projects

### Beyond June 2024:

- Priority pipeline projects in delivery supported by public and private funds
- Identify new opportunities for a regional wellbeing economy.
- Report back on progress

This document, and earlier relevant papers developed while preparing the strategy are available at [www.northlandnz.com](http://www.northlandnz.com). We have taken all necessary steps to ensure that the information and viewpoints presented in this Strategy are accurate and reliable. Northland Inc will provide regular updates on their website to include key engagements or related events.

If you would like to be involved in Te Rerenga implementation, please email: [tererenga@northlandnz.com](mailto:tererenga@northlandnz.com)



2083

TUI, 25 YEAR OLD  
GUIDE

“Empowered  
people,  
empowered  
planet; harmony.”

## Acknowledgements & Membership

Special thanks and acknowledgements to all who have contributed to the development of Te Rerenga Taitokerau Northland Economic Wellbeing Pathway. This project was overseen by a Steering Group of Taitokerau Northland leaders, who have provided insights and direction. We thank them, along with our four Councils', the Project Team, supporting organisations, business and industry, community, individuals and agencies, for their involvement. This strategy would not exist without your contribution.

This project would not have been possible without the financial support of Kānoa, Ministry of Social Development; Whangarei District Council and Northland Inc.

A special acknowledgment to those who embrace Te Rerenga and commit to bring it to life. Through courage and collaboration, we can uplift the economic wellbeing of Taitokerau Northland and create a legacy of unity - of our environment, our people, and our economy.

### Te Rerenga Steering Group members include:



**Harry Burkhardt**  
TE RERENGA CO-CHAIR  
Te Kahū o Taonui



**Blanche Morrogh**  
TE RERENGA CO-CHAIR  
Managing Director,  
Kai Ora Honey Ltd



**Carol Berghan**  
CHIEF EXECUTIVE  
Te Hiku Iwi  
Development Trust



**Nicole Anderson**  
IMMEDIATE PAST  
CHAIR  
of Northland Inc



**Shane Witehira**  
SENIOR ADVISOR  
Te Puni Kōkiri, Ministry for  
Māori Development



**John Vujcich**  
CHAIR  
Joint Regional Economic Development  
Committee(JREDC) and Far North  
District Councillor Kaikohe-Hokianga  
General Ward



**Lindsay Faithfull**  
MANAGING DIRECTOR  
McKay Group



**Kathryn de Bruin**  
DIRECTOR  
De Bruin Chartered Accountants  
Director of HortNZ



**Justice Hetaraka**  
DIRECTOR  
of Hā



**Mihi Harris**  
CO- CHAIR  
of Waima Topu B Ahu  
Whenua Trust



**Penetaui Kleskovic**  
DEPUTY CHAIR  
of JREDC and Far North District  
Councillor Ngā Tai o Tokerau  
Māori Ward



**Tania McInnes**  
DIRECTOR  
of GBT Ventures Ltd



**Eru Lyndon**  
FORMER REGIONAL PUBLIC  
SERVICE COMMISSIONER  
TE TAITOKERAU  
Kaitautoko



## HE TAKI - A CHALLENGE!

*Mā te wawata, mā te tūmanako, mā te kotahitanga  
Tātou whakakaha ake ai i te whai rawa, i te whai hua,  
Kia ora ai te tangata, te whenua, me te ao whānui.  
Ko te oranga toitū te kaupapa matua e whāia nei.*

*With aspiration, determination, and unity,  
We will enhance prosperity and fruitful endeavours,  
To uplift the people, the land, and the wider environment.  
Sustainable wellbeing is the core principle to pursue.*

*Te tiaki i ngā taonga tuku iho,  
Me anga mua tātou, kia ū ki te kotahitanga,  
Hei whakatairanga i te oranga ōhanga,  
E takatū nei Te Rerenga hei huarahi mō tātou katoa.*

*Nurturing our ancestral natural resources,  
Let us move forward, embracing a holistic approach,  
To promote economic wellbeing,  
Te Rerenga stands as a pathway for us all.*

**TITLE:** Northland Inc Limited: Reporting against SOI 2023-2026, Second Quarter report and six-month financials

**From:** Darryl Jones, Economist and Simon Crabb, Finance Manager

**Authorised by Group Manager/s:** Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on 02 April 2024

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### Whakarāpopototanga / Executive summary

The Joint Regional Economic Development Committee (Joint Committee) has received from Northland Inc Limited (Northland Inc) reporting against its Key Performance Indicators (KPIs) set out in its Statement of Intent (SOI) 2022-2025 and half-year financials for the period ending 31 December 2023 (**Attachment 1**).

Staff have assessed the information provided for the 16 KPIs. The following table summarises progress made after six months. One KPI target has already been met, being the number of destination promotion campaign initiatives to generate national exposure. Two campaigns have been undertaken this year compared to the target of one. Another 13 KPIs are on target to be met.

Description of progress	Number of indicators	Specific indicators
Target already met	1	12
On track to meet target	13	1, 2, 4, 5, 6, 7, 8, 9, 10, 13, 14, 15, 16
Behind target	2	3, 11

However, the report indicates that two KPIs show slower progress: the number of businesses and organisations supported to improve their climate resilience journey and the number of high impact projects that are implemented.

The Northland Inc financial performance for the six months to 31 December 2023 is tracking ahead of budget, with the total result being better than budgeted by \$229,064. This positive variance is due to the receipt of unbudgeted strategic project revenue that will be spent in the second half of the 2023/24 financial year. The anticipated full year result is a net surplus of \$12,527 which is \$11,576 ahead of the corresponding budgeted surplus of \$952. With \$1.6M of cash on hand at the end of December 2023 it appears Northland Inc will not have any issues with operating cashflows through to the end of this financial year.

Representatives from Northland Inc will attend the Joint Committee meeting to provide comment on the KPI report and answer any questions. Northland Inc will also take the opportunity during discussion on this item to update the Joint Committee on some of the important work areas, such as the 'It's Northland Time' campaign being undertaken in response to the Brynderwyn closure and Tuputupu Grow Northland.

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### Ngā mahi tūtohutia / Recommendation

That the report 'Northland Inc Limited: Reporting against SOI 2023-2026, Second Quarter report and six-month financials' by Darryl Jones, Economist and Simon Crabb, Finance Manager and dated 18 March 2024, be received.


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**Background/Tuhinga**

Not applicable.

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**Attachments/Ngā tapirihanga**

Attachment 1: Northland Inc second quarter KPI reporting and six-month financials for period ending 31 December 2023 [↓](#) 

NINC KPI Report 2<sup>nd</sup> Quarter (July - December 2023)

Objective	How we will measure				
	Type	Measure	Target 2023/24	Actual to date 2023/24	Comment
Māori Economic Development	Output	<b>Number</b> of iwi/hapū groups and other Māori organisations, e.g. marae, land trusts, etc. actively supported.	18	14	On Target
	Outcome	Proportion of Māori organisations that are satisfied with Northland Inc support.	>80%	80%	We are now using an external survey process.
Environmental Sustainability	Output	<b>Number</b> of businesses and organisations supported to improve their climate resilience journey.	20	-	Responsible tourism programme starting in March
		<b>Proportion</b> of projects funded through Project Development that have identified their pathway to low emissions.	80%	100%	3 projects funded
		<b>Change</b> in carbon footprint of Northland Inc.	10% reduction in footprint relative to revenue 86,370 Kg CO2**	34,800 Kg Co2*	*Provisional figure for half year ** Provisional Target for full year
Regional Investment	Output	<b>Number</b> of unique businesses assisted (reporting by TA and industry – see charts below)	250	214	On target
		Proportion of those businesses assisted that are Māori (by TA and industry)	35%	35%	On target
		<b>Number</b> of inward delegations hosted.	3	2	Engagement for repurposing the refinery equipment. Forestry waste to biofuel opportunity

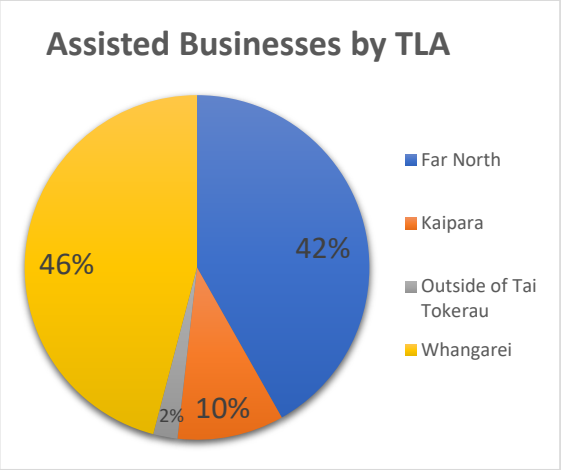
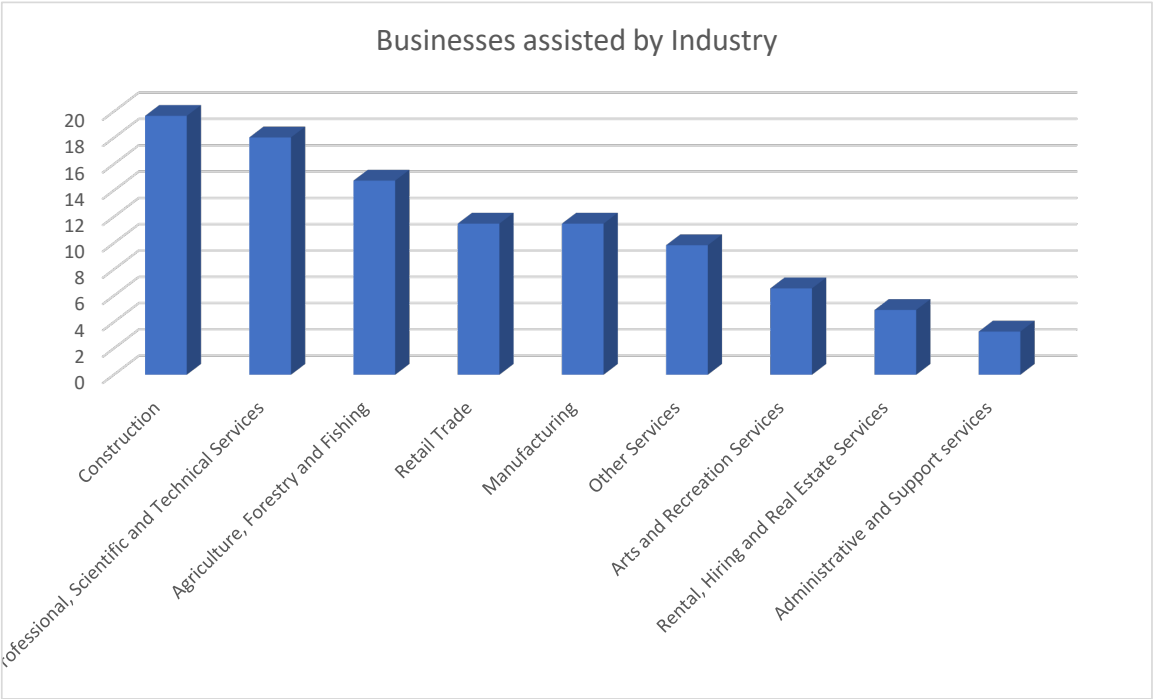


NINC KPI Report 2<sup>nd</sup> Quarter (July - December 2023)

Objective	How we will measure				
	Type	Measure	Target 2023/24	Actual to date 2023/24	Comment
	Outcome	<b>Client satisfaction</b> with businesses assistance provided by Northland Inc as measured by Net Promotor Score.	NPS >50	70%	
		<b>Value</b> of grant funding and investment facilitated for Māori businesses.	\$130k	\$102K	
		<b>Number</b> of high impact projects that are implemented (reporting by regional strategic sectors).	4	0	Currently talking to central government on new government policies for funding projects. These include Dry dock and other large projects.
<b>Destination Management and Marketing</b>	Output	<b>Number</b> of destination promotion campaign initiatives to generate national exposure to the region (reporting will include number of businesses that are engaged in the campaign)	1 campaign per year	2 spring campaigns	Further campaigns planned to address Brynderwyns closure
		<b>Number</b> of actions under implementation from the Destination Management Plan	6	5	
<b>Profile and Advocacy of Economic Developments</b>	Output	<b>Number</b> of regional economic development updates or reports released	6	3	Quarterly ED Update Brynderwyns closure impact study Ext 350 programme report
	Outcome	<b>Number</b> of media features that profile the region	24	16	On Target
		<b>Number</b> of media activity that references Northland Inc	52	35	On Target

NINC KPI Report 2<sup>nd</sup> Quarter (July - December 2023)

Unique Businesses reported by industry and territorial Authority



NINC KPI Report 2<sup>nd</sup> Quarter (July - December 2023)

Financial Statements

Statement of Financial Performance to 31 December 2023						
	YTD			Forecast to 30 June 24		
	Act \$	Bud \$	Var \$	For \$	Bud \$	Var \$
<b>Revenue</b>						
BAU Revenue	1,367,895	1,383,010	(15,115)	2,795,258	2,714,778	80,480
Strategic Project Revenue	1,199,909	483,935	715,975	4,737,252	1,441,512	3,295,740
<b>Total Revenue</b>	<b>2,567,804</b>	<b>1,866,945</b>	<b>700,860</b>	<b>7,532,510</b>	<b>4,156,290</b>	<b>3,376,220</b>
<b>Expenditure</b>						
BAU Expenditure	1,495,342	1,500,374	5032	3,052,732	2,959,746	(92,986)
Strategic Project Expenditure	1,130,607	653,780	(476,827)	4,467,252	1,195,592	(3,271,659)
<b>Total Expenditure</b>	<b>2,625,949</b>	<b>2,154,154</b>	<b>(471,796)</b>	<b>7,519,983</b>	<b>4,155,339</b>	<b>(3,364,644)</b>
<b>Total Surplus (Loss)</b>	<b>(58,145)</b>	<b>(287,209)</b>	<b>229,064</b>	<b>12,527</b>	<b>952</b>	<b>11,576</b>

NINC KPI Report 2<sup>nd</sup> Quarter (July - December 2023)

Financial Position	31 December 2023	30 June 2023
<b>Assets</b>		
<b>Total Current Assets</b>	<b>2,594,057</b>	<b>1,834,092</b>
<b>Total long-term assets</b>	<b>266,474</b>	<b>286,351</b>
<b>Total Assets</b>	<b>2,860,531</b>	<b>2,120,443</b>
<b>Liabilities</b>		
<b>Total current liabilities</b>	<b>2,726,501</b>	<b>1,928,869</b>
<b>Total liabilities</b>	<b>2,726,501</b>	<b>1,928,869</b>
<b>Total shareholders' equity</b>	<b>134,029</b>	<b>191,574</b>

Inclusive of GST														
Northland INC Cash Flow 2023/24	November		December		January		February		March					Cashflow Budget
	Forecast	actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Actual YTD	Forecast YTD	Variance YTD	
INCOME														
NRC Grants	0	0	566,950	566,950	0	0	566,950	0	25,072	0	1,133,900	1,133,900	0	2,392,872
total Grant & BAU Income	77,005	100,314	620,955	632,234	54,005	0	672,709	0	83,389	0	1,549,195	1,472,305	76,890	3,398,866
Total Strategic Income	15,640	437,501	0	61,149	20,700	0	0	0	540,500	0	651,823	73,140	578,683	815,067
Total Income	92,645	537,815	620,955	693,383	74,705	0	672,709	0	623,889	0	2,201,019	1,545,445	655,574	4,213,934
EXPENSES														
Salaries	192,625	284,939	192,625	198,928	192,625	0	192,625	0	192,625	0	1,319,496	1,155,750	163,746	2,311,506
BAU Programme Expenditure	14,716	49,220	39,788	58,723	14,716	0	14,716	0	14,716	0	221,252	127,168	94,084	316,284
Overheads	101,833	120,507	101,833	113,817	101,833		101,833		101,833		592,417	610,998	(18,581)	1,221,999
Strategic Project Expenses	56,326	148,925	70,526	133,939	20,526	0	70,526	0	20,526	0	337,123	308,956	28,167	582,124
Total Expenses	365,500	603,591	404,772	505,407	329,700	0	379,700	0	329,700	0	2,470,287	2,202,872	267,415	4,431,913
GST estimate	156,000	152,379			42,858				55,208		40,029	217,948	(177,919)	
SUB TOTAL OPERATING CASHFLOWS	(428,855)	(218,155)	216,183	187,976	(297,853)	0	293,009	0	238,981	0	(309,298)	(875,375)	566,078	(217,980)
OPENING BALANCE	1,652,269	1,652,269	1,223,414	1,434,114	1,622,090	1,622,090	1,324,237	1,622,090	1,617,246	1,622,090				
Operating surplus/(deficit)	(428,855)	(218,155)	216,183	187,976	(297,853)	0	293,009	0	238,981	0				
Non operating surplus/(deficit)														
CLOSING BALANCE	1,223,414	1,434,114	1,439,597	1,622,090	1,324,237	1,622,090	1,617,246	1,622,090	1,856,227	1,622,090				

This cash flow includes GST on all expenses (except salaries, kiwisaver, bank fees & operating leases) although some like Directors fees or director travel may not have GST attached. As these are minor they do not have an impact on the result but this has been done in favour of presenting a conservative approach.

**TITLE:** Northland Regional Energy Transition Accelerator (RETA)

**From:** Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor

**Authorised by** Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on  
**Group Manager/s:** 02 April 2024

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### Whakarāpopototanga / Executive summary

On 1 March 2023, the Energy Efficiency and Conservation Authority (EECA) released the Northland Regional Energy Transition Accelerator (RETA) report. This is the seventh RETA report prepared by EECA and the first in the North Island. Northland Inc has been working closely with EECA to develop the report, including identifying and helping them make connections with key stakeholders across the relevant industries/sectors and organising regional workshops.

The purpose of the RETA programme is to develop and share a well-informed, coordinated approach to guide better energy use, prioritisation of renewables, and adoption of new energy solutions – reducing greenhouse gas emissions at the same time. It provides the region's energy users and suppliers with information and tools for developing and implementing their own energy transition plan that will help streamline technology and infrastructure investments.

The summary document is provided as Attachment 1. The full report and supplementary information including spare capacity and load characteristics of the Northland electricity network is available at <https://www.eeca.govt.nz/co-funding-and-support/products/northland-regional-energy-transition-accelerator/>.

Nicki Sutherland, EECA Group Manager – Business, will join the meeting online. Nicki will cover:

- Main findings of the report, including issues about transmission capacity
- Implications for Northland businesses
- Next steps for EECA
- Actions councils and Northland Inc can take to help with the transition

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### Ngā mahi tūtohutia / Recommendation

That the report 'Northland Regional Energy Transition Accelerator (RETA)' by Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor and dated 18 March 2024, be received.

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### Background/Tuhinga

Not applicable.

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### Attachments/Ngā tapirihanga

Attachment 1: Northland Regional Energy Transition Accelerator (RETA) - Summary Report [↓](#) 

Government Leadership

# Regional Energy Transition Accelerator (RETA)

Northland – Summary Report

March 2024

**EECA**  
TE TARI TIAKI PŪNGAO  
ENERGY EFFICIENCY & CONSERVATION AUTHORITY



Northland (RETA)

Ko te pae tawhiti ka whaia kia tata!

Ko te pae tata ka whakamau ai kia tīna!

Ko tā tātou he whaiwhai i te pae tawhiti, e whakatairanga ana i a tātou tikanga haumako, i a tātou tikanga hauora e whakanui nei i te pito mata kei roto i ngā āhuatanga tiaki tangata, tiaki taputapu, tiaki taiao anō hoki.

Mā te mōhio ki te pae tawhiti, arā, ko tā te rautaki a 'Northland Regional Energy Transition Accelerator (RETA),' ka whakatairangihia te whakapaunga kaha me te ara whakawhiti ki ngā rawa whakahou mā ngā hinonga mahitahi me te hōrapahanga o ngā mōhioranga matua.

Ko te pūrongo ka whai ake, e arotahi ana ki ngā whakatakotoranga matua o ngā rawa whakahou i Te Tai Tokerau me te whakaminominohanga i ōna rawa ngahere.

Ko te ngākau whakaiti tēnei e mihi ana ki te whakapeto ngoi a ngā tini rōpū tautoko. Koia nei te tīmatanga o tā tātou pae tata, arā ko te hura i ngā pūmanawatanga i roto i Te Tai Tokerau.

**Ko te pae tata ka whakamau ai kia tīna!**



# 1 Foreword

Clean and clever energy use benefits regions and the businesses within them – operations become cheaper and more reliable, increasing productivity, and contributing to better environmental outcomes.

But achieving energy efficiency and fuel switching at scale requires good information, at the right time, alongside strong regional collaboration. This Northland Regional Energy Transition Accelerator (RETA) is designed to help.

The aim of the RETA programme is to develop and share a well-informed, coordinated approach to guide better energy use, prioritisation of renewables, and adoption of new energy solutions – reducing carbon emissions at the same time.

Heat used in manufacturing and in the processing of primary products currently makes up around 25% of our country's energy-related emissions, and so reducing our reliance on fossil fuels – like gas and coal, will have a big impact.

This Northland RETA report is the culmination of the planning phase of the RETA programme. It forecasts and maps regional stationary heat energy demand – at the medium to large end, and renewable energy supply to help make the best asset and infrastructure investments and reduce costs. It also highlights the benefit of aligning decisions made on a regional level.

The data and analysis in this report shows an interesting picture, particularly the opportunity for biofuel and related investment. Northland is a forestry-rich region and could meet most of its future energy demand through biomass as the fuel source. With supply available for neighbouring regions too.

Several businesses in Northland are already undertaking projects or have a low-emissions pathway mapped out with EECA. They are a fantastic example of what can be achieved, and their efforts and willingness to share what they have learned with others has been valuable to this process.

We are proud to have worked closely with Northland Inc, Regional Economic Development Agency, local EDBs Top Energy and Northpower, Transpower, regional forestry companies, wood processors, electricity generators and retailers, and medium to large industrial energy users. A big thank you to these organisations for their input and enthusiasm.

We are looking forward to continuing the discussion as we work together to unlock the region's potential.

**Nicki Sutherland**

Group Manager Business, EECA



Northland (RETA)

## 2 Acknowledgements

This RETA project has involved a significant amount of time, resource and input from a variety of organisations. We are especially grateful for the contribution from the following organisations:

- Process heat users throughout the Northland region
- Northland Inc, Regional Economic Development Agency
- Local Electricity Distribution Businesses Top Energy and Northpower
- National grid owner and operator Transpower
- Regional forestry companies
- Regional wood processors
- Electricity generators and retailers

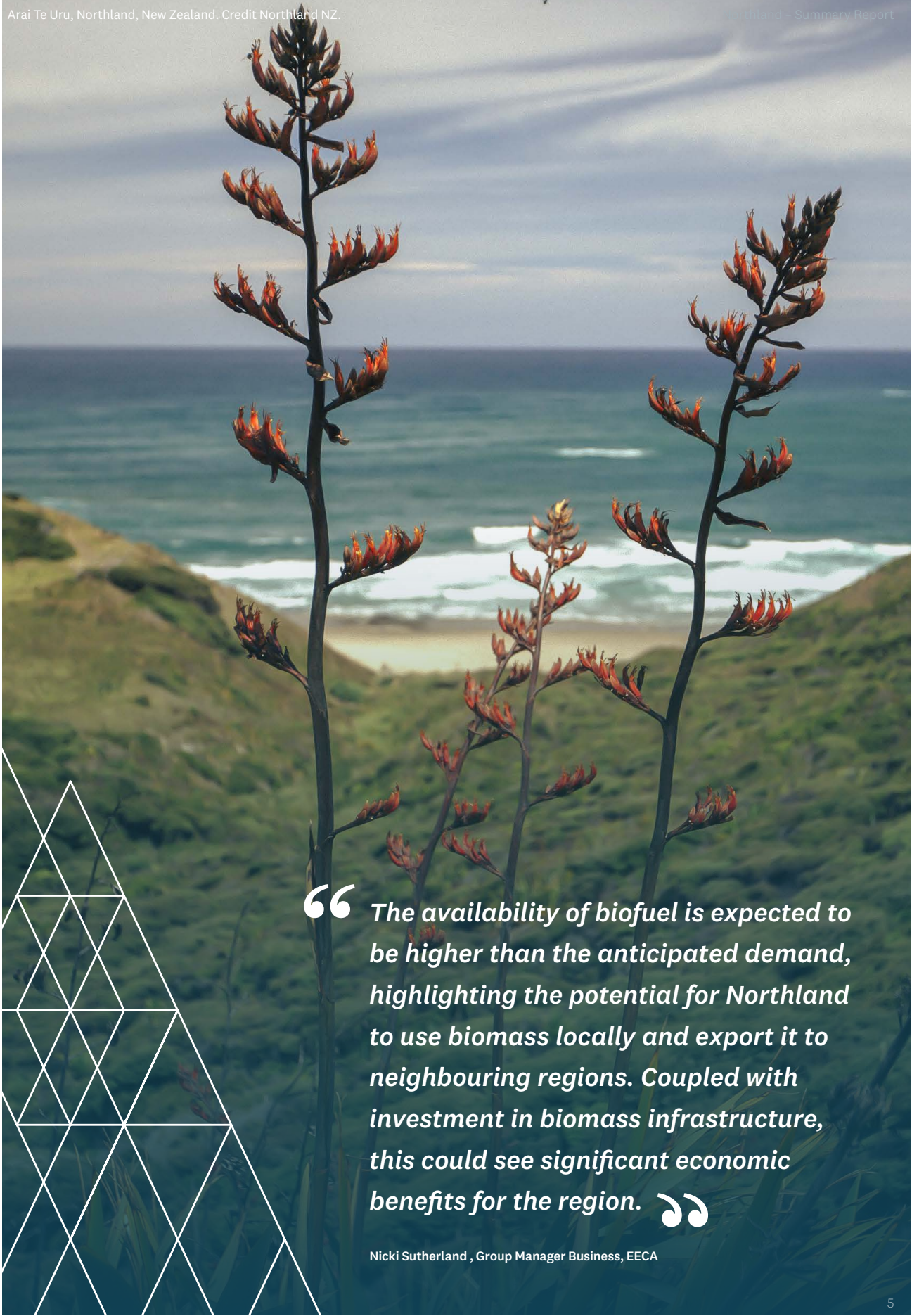
This RETA report is the distillation of individual workstreams delivered by:

- **DETA** – process heat demand-side assessment
- **Forme** – biomass availability analysis
- **Ergo Consultants** – electricity network analysis
- **EnergyLink** – electricity price forecast
- **Wayne Manor Advisory** – report collation, publication and modelling assistance



Arai Te Uru, Northland, New Zealand. Credit Northland NZ.

Northland – Summary Report



*“The availability of biofuel is expected to be higher than the anticipated demand, highlighting the potential for Northland to use biomass locally and export it to neighbouring regions. Coupled with investment in biomass infrastructure, this could see significant economic benefits for the region.”*

Nicki Sutherland , Group Manager Business, EECA

Northland (RETA)

# 3

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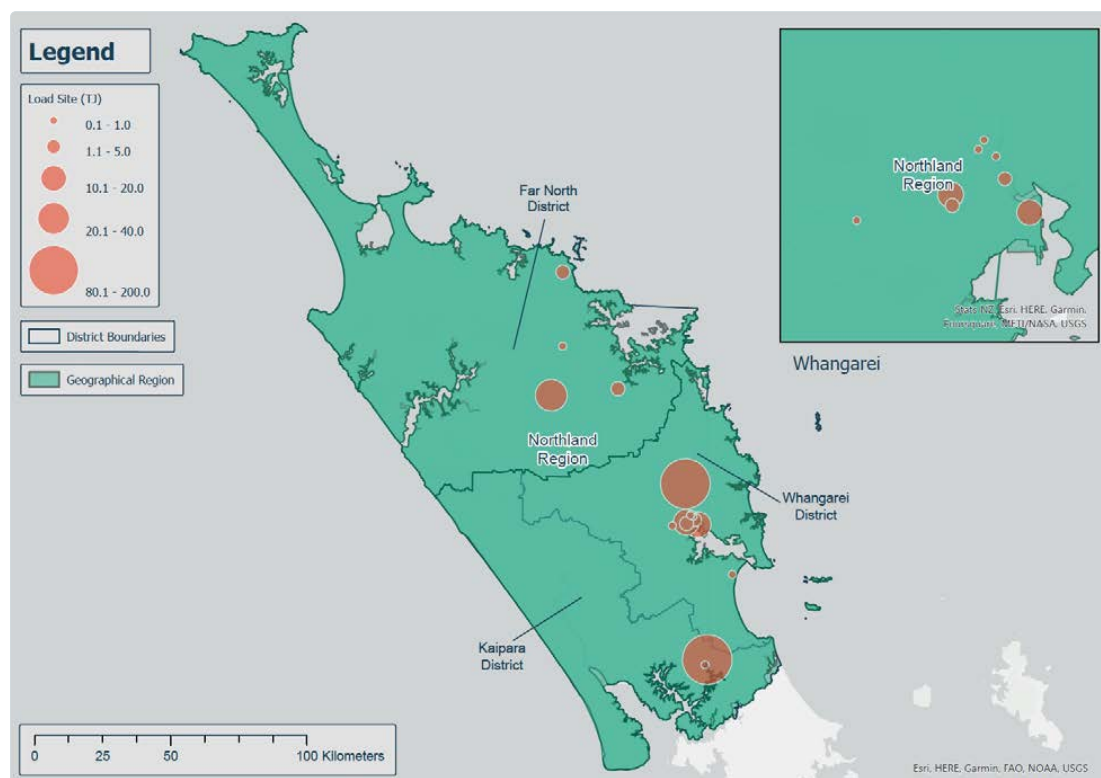


Northland (RETA)

# 4 Northland overview

This region covers the Northland districts (Figure 1).

Figure 1 – Map of area covered by the Northland RETA



The Northland RETA brings together information about process heat decarbonisation plans from EECA's Energy Transitional Accelerators (ETAs) with individual organisations and data from the Regional Heat Demand Database (RHDD) completed by local electricity distribution businesses, Transpower and EECA. While ETAs focus on the decarbonisation pathways and plans of individual organisations, the RETA expands this focus to consider barriers and opportunities for regional supply-side infrastructure (e.g. networks and regional resources) to better support decarbonisation decisions.

This report is the culmination of the RETA planning phase in the region and aims to:

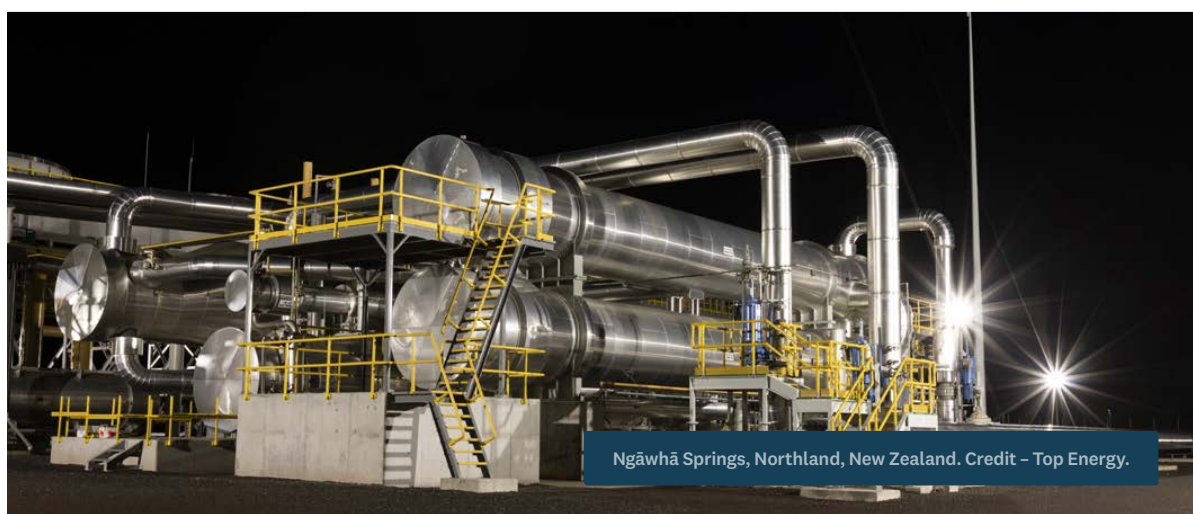
- Provide process heat users with coordinated information specific to the region to help them with making more informed decisions on fuel choice and timing.
- Improve fuel supplier confidence to invest in supply side infrastructure.
- Surface issues, opportunities, and recommendations.

The next phase of a RETA focuses on implementing recommendations from phase 1 that remove barriers or accelerate opportunities for decarbonisation of process heat.

The 18 sites covered span the dairy, industrial and commercial<sup>1</sup> sectors. These sites either have fossil-fuelled process heat equipment larger than 500kW (i.e. process heat equipment details have been captured in the Regional Heat Demand Database) or are sites for which EECA (Energy Efficiency and Conservation Authority) has detailed information about their decarbonisation pathway<sup>2</sup>. Together, these sites collectively consume 4,471TJ of process heat energy, primarily in the form of coal, and currently produce 262kt pa of carbon dioxide equivalent (CO<sub>2</sub>e) emissions.

*Table 1 – Summary of Northland RETA sites fossil fuel process heat demands and emissions*

Sector	Sites	Thermal capacity (MW)	Thermal fuel consumption (GWh/yr)	Process heat demand today (TJ/yr)	Process heat annual emissions (kt CO <sub>2</sub> e/yr)
Dairy	2	93	264	950	51
Industrial	6	148	960	3,456	208
Commercial	10	16	18	66	4
<b>Total</b>	<b>18</b>	<b>257</b>	<b>1,242</b>	<b>4,472</b>	<b>263</b>



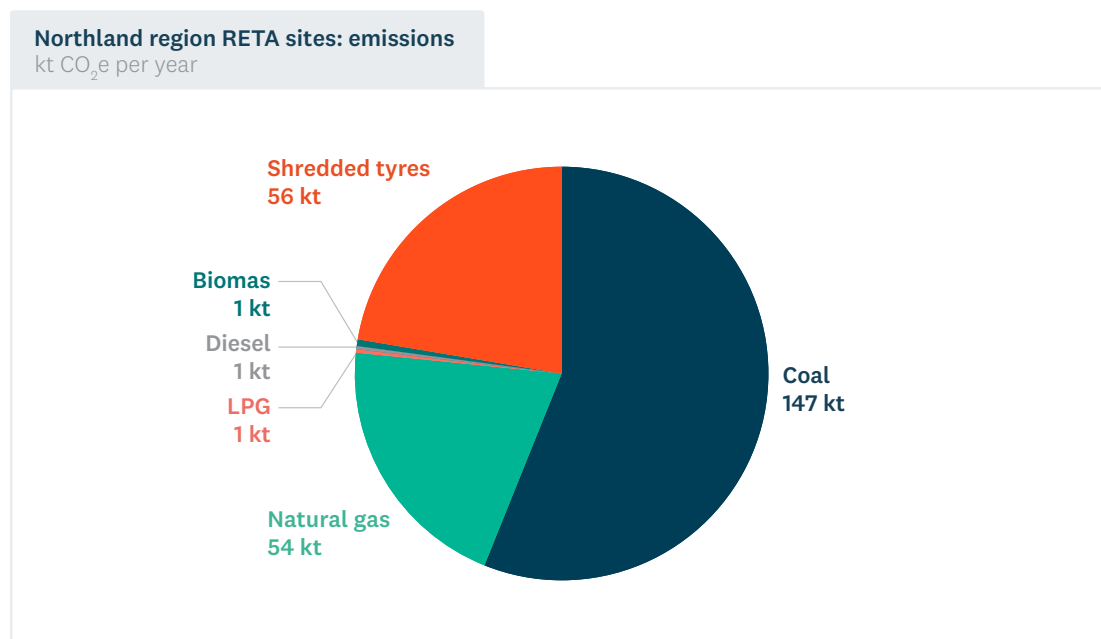
<sup>1</sup> The commercial sector includes schools, hospitals, and accommodation facilities.

<sup>2</sup> For example, process heat equipment details have been captured in an ETA opportunities assessment report.

## Northland (RETA)

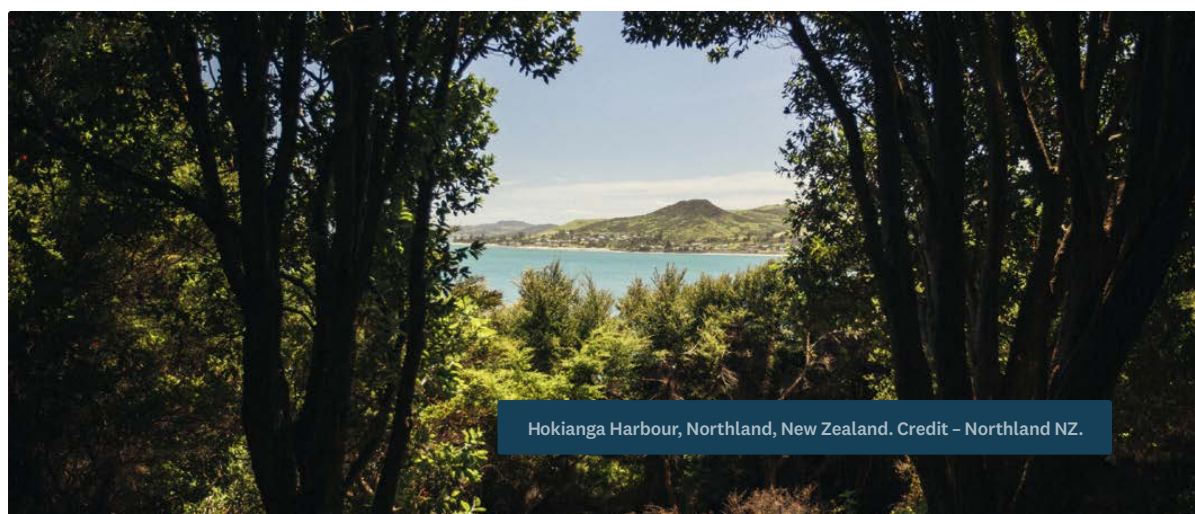
Only 3,646TJ of this demand relates to the consumption of fossil fuels, the remainder is existing biomass consumption of 825TJ. The majority of Northland RETA process heat emissions come from coal (Figure 2).

Figure 2 – 2020 annual emissions by process heat fuel in Northland RETA. Source: EECA



The objective of the Northland RETA is to eliminate as much of these process heat emissions as possible. It does this by supporting organisations in their consideration of:

- Demand reduction (for example reducing heat demand through process optimisation).
- Thermal efficiency (for example installation of highly efficient heat pumps).
- Switching away from fossil-based fuels to a low-emissions source such as biomass and/or electricity.

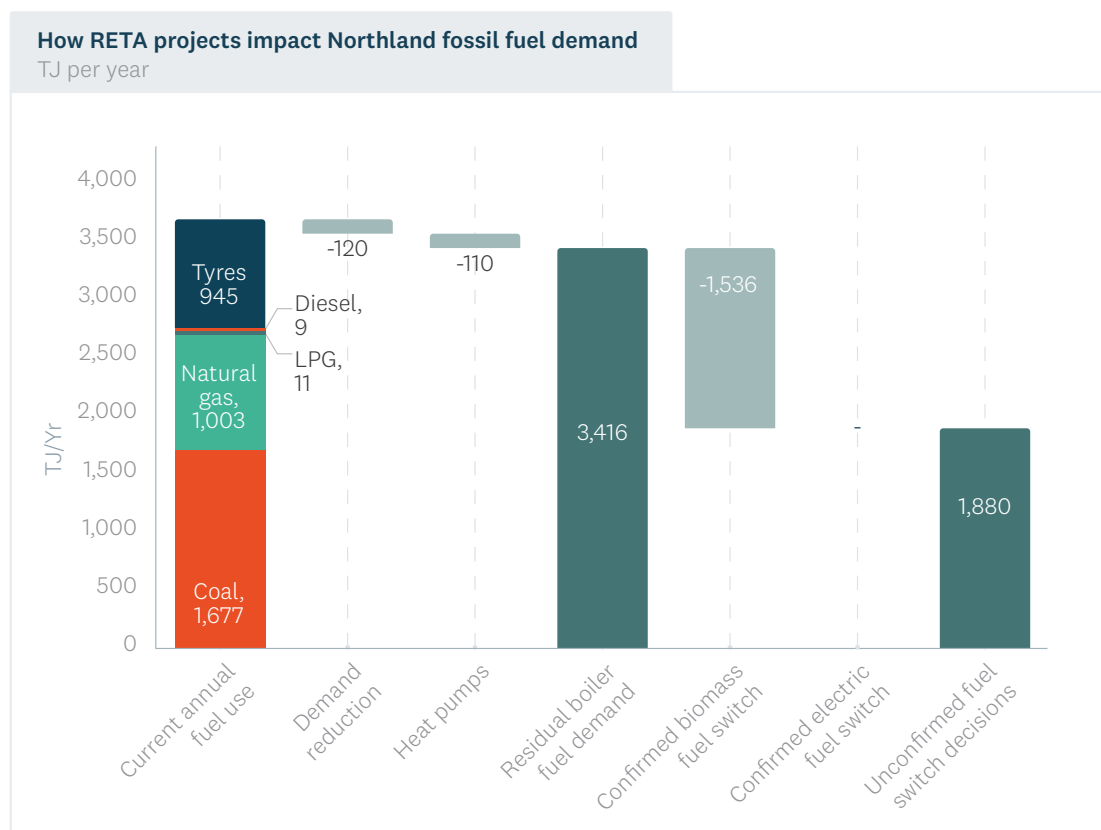


Hokianga Harbour, Northland, New Zealand. Credit – Northland NZ.



Figure 3 illustrates the potential impact of RETA sites on regional fossil fuel demand, both as a result of decisions where investment is already confirmed, and decisions yet to be made.

Figure 3 – Potential impact of fuel switching on fossil fuel usage, 2023-2037. Source: EECA



As explored below, this RETA looks at a number of pathways by which the 1,880TJ of unconfirmed fuel switching decisions could occur. Both biomass and electricity are considered as potential fuel sources. EECA's assessments of biomass and electricity focus on the key issues that are common to all RETA process heat sites contemplating fuel switching decisions. This includes the availability and cost of the resources that underpin each fuel option, as well as the sufficiency of the networks required to ensure that the fuel can be delivered to the process heat users' sites. This assessment is unique to the Northland region. The availability and cost of supply resources and connection can then be used to simulate RETA sites' collective decisions about fuel switching under different sets of assumptions. This provides valuable information to individual process heat decision makers, infrastructure providers, resource owners, funders, and policy makers.

Northland (RETA)

# 4.1 RETA site summary

As outlined above, there are 18 sites considered in this study. Across these sites, there are 31 individual projects spanning the three categories discussed above – demand reduction, heat pumps and fuel switching.

Table 2 shows the current status of the Northland RETA process heat projects. One has been confirmed by the process heat organisation (i.e. the organisation has committed to the investment and funding allocated) but is not yet completed. The other 30 projects are unconfirmed, in that the process heat organisation is yet to commit to the final investment.

Table 2 – Number of projects in Northland RETA: confirmed vs. unconfirmed. Source: Lumen, EECA.

Status	Demand reduction	Heat recovery	Fuel switching	Total
Confirmed	0	0	1	1
Unconfirmed	7	3	20	30
<b>Total</b>	<b>7</b>	<b>3</b>	<b>21</b>	<b>31</b>

Demand reduction and thermal efficiency are key parts of the RETA process and, in most cases, enable (and helps optimise) the fuel switching decision. This RETA report has a greater level of focus on the fuel switching decision, due to the higher capital and fuel intensity of this decision.

Below we show the expected remaining fuel demands from each site in the Northland RETA, after any demand reduction projects and/or heat pump projects are accounted for. We present biomass demands both in TJs and green tonnes (55% moisture content) and report the peak demand from the boiler should it convert to electricity.



Table 3 – Summary of Northland RETA sites with fuel switching requirements. Green shading indicates confirmed projects; orange highlighting indicates the preferred fuel option according to a commercial decision making criteria explained below.

Site name	Industry	Project status	Bioenergy required TJ (’000t)/yr	Electricity peak demand (MW)
<b>Golden Bay Cement, Whangarei</b>	<b>Industrial</b>	<b>Confirmed</b>	<b>1,535.6 (213.8)</b>	
Fonterra, Kauri	Dairy	Unconfirmed	<b>412.1 (32.7)</b>	1-25
Fonterra, Maungaturoto	Dairy	Unconfirmed	<b>370.8 (29.4)</b>	8-28
Juken Nissho, Kaitaia LVL	Industrial	Unconfirmed	<b>63.4 (5)</b>	
Northland Regional Corrections Facility	Commercial	Unconfirmed	<b>11.5 (0.7)</b>	2.9
Imerys Ceramics New Zealand Limited, Matauri Bay	Industrial	Unconfirmed	<b>27.5 (1.6)</b>	1.4
Northland DHB, Whangarei Hospital	Commercial	Unconfirmed	<b>16.3 (1.3)</b>	2.9 <sup>3</sup>
Northland Polytechnic	Commercial	Unconfirmed	13.6 (0.8)	<b>0.36</b>
Whangarei District Council, Aquatic Centre	Commercial	Unconfirmed	9 (0.5)	<b>0.24</b>
Downers Whangarei Asphalt Plant	Industrial	Unconfirmed	<b>3.8 (0.3)</b>	5
Whangarei Council, Maunu Cemetery	Industrial	Unconfirmed	<b>1.5 (0.1)</b>	0.2
Kerikeri Crematorium, Kerikeri	Industrial	Unconfirmed	<b>1.5 (0.1)</b>	0.2
Ministry of Education, Whangarei Girls High School	Commercial	Unconfirmed <sup>4</sup>	1.2 (0.1)	<b>0.24</b>
Ministry of Education, Otamatea Highschool	Commercial	Unconfirmed	<b>0.8 (0.05)</b>	0.17
Ministry of Education, Whangarei Boys High School	Commercial	Unconfirmed <sup>5</sup>	1 (0.1)	<b>0.2</b>
Ministry of Education, Bream Bay College	Commercial	Unconfirmed	0.8 (0.05)	<b>0.17</b>
Ministry of Education, Bay of Islands College	Commercial	Unconfirmed	0.5 (0.03)	<b>0.3</b>

One site has already confirmed its fuel of choice (shaded in green), representing a demand for 1,536TJ (213,800t<sup>6</sup>) of biomass.

<sup>3</sup> This is for decarbonisation projects only; the increase in total demand may be much higher due to the hospital rebuild and expansion.

<sup>4</sup> We understand these projects are now confirmed, but this was not the case at the time the analysis was complete.

<sup>5</sup> We understand these projects are now confirmed, but this was not the case at the time the analysis was complete.

<sup>6</sup> Wet tonnes (55% moisture content) and assuming a boiler efficiency of 80% (compared to coal at 78%).

Northland (RETA)

# 5 Simulated decarbonisation pathways

There are a range of decision criteria that individual organisations may use to determine the timing of their decarbonisation investments. Decisions are impacted by available finance, product market considerations, strategic alignment, and other factors. It is challenging to incorporate many of these into a single analysis of the likely decision by each process heat user.

Rather than attempt to include all these factors, we present a range of different potential Northland-specific pathways reflecting different decision-making criteria that process heat users (who have not confirmed their fuel choice) will use.

Two pathways present ‘bookends’ that focus exclusively on one of the two fuel options (biomass or electricity) for unconfirmed projects. Two others use a global standard ‘marginal abatement cost’, or MAC, to quantify the cost to the organisation of decarbonising their process heat. This is expressed in dollars per tonne of CO<sub>2</sub>e reduced by the investment and allows us to determine the timing of the investment as being the earliest point when a decarbonisation decision saves the process heat user money over the lifetime of the investment – the point in time that the MAC of the project is exceeded by the expected future carbon price.



Russell, Northland, New Zealand. Credit – nazar\_ab.

Projects that are known to be committed by an organisation (e.g. funding allocated and project planned) are locked in for all pathways. Where organisations do not have a confirmed project, the following constraints were applied to the methodology:

- All low to medium temperature (<300°C) coal boiler decarbonisation projects are executed by 2037 in line with the National Policy Statement (NPS) for greenhouse gas emissions from industrial process heat that came into effect in July 2023, which prohibits greenhouse gas emissions from these boilers after 2036<sup>7</sup>.
- All other unconfirmed projects are assumed to occur in 2049 in line with New Zealand’s target of net zero greenhouse gas emissions by 2050 in the Climate Change Response (Zero Carbon) Amendment Act. This means that any projects that are still not ‘economic’ using our MAC criteria by 2049, are assumed to be executed in 2049.

The pathways were then developed as follows:

Pathway name	Description
Biomass Centric	All unconfirmed site fuel switching decisions proceed with biomass where possible, with the timing based on the criteria above.
Electricity Centric	All unconfirmed site fuel switching decisions proceed with electricity where possible, with the timing based on the criteria above.
BAU Combined	All unconfirmed fuel switching decisions (i.e. biomass or electricity) are determined by the lowest MAC value for each project; with the timing based on the criteria above.
MAC Optimal	Each site switches to a heat pump or switches its boiler to the fuel with the lowest MAC value for that site. Each project is timed to be commissioned in the first year when its optimal MAC value first drops below a ten-year rolling average of the Climate Change Commission’s future carbon prices in their Demonstration Path. If the MAC value does not drop below the ten-year rolling average, then the timing criteria above is used.

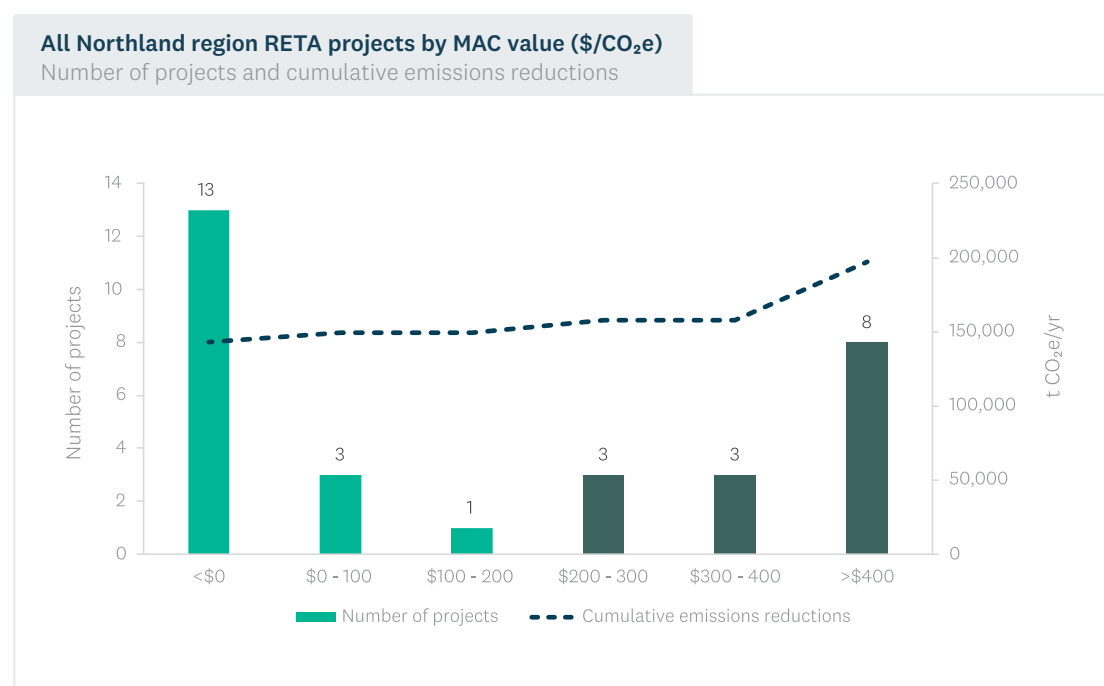
<sup>7</sup> See <https://environment.govt.nz/publications/national-policy-statement-for-greenhouse-gas-emissions-from-industrial-process-heat-2023/>. The new National Environmental Standard which supports the NPS also places increased restrictions on process heat boilers burning fossil fuels other than coal.

Northland (RETA)

## 5.1 At expected carbon prices, 57% of emissions reductions are economic by 2050<sup>8</sup>

Using the biomass and electricity costs presented in Section 6 and Section 7, Figure 4 summarises the resulting MACs associated with each decision, and the emissions reduced by these projects.

Figure 4 – Number of projects by range of MAC value. Source: EECA



Out of 262kt of process heat emissions covered in the Northland RETA, 149kt (57%) have marginal abatement costs (MACs) less than \$200/tCO<sub>2</sub>e. Based on an expectation the carbon prices will follow the Climate Change Commission's Demonstration Pathway, these emissions reduction projects would be economic prior to 2037. Thirteen of these projects would be economic without any carbon price at all.

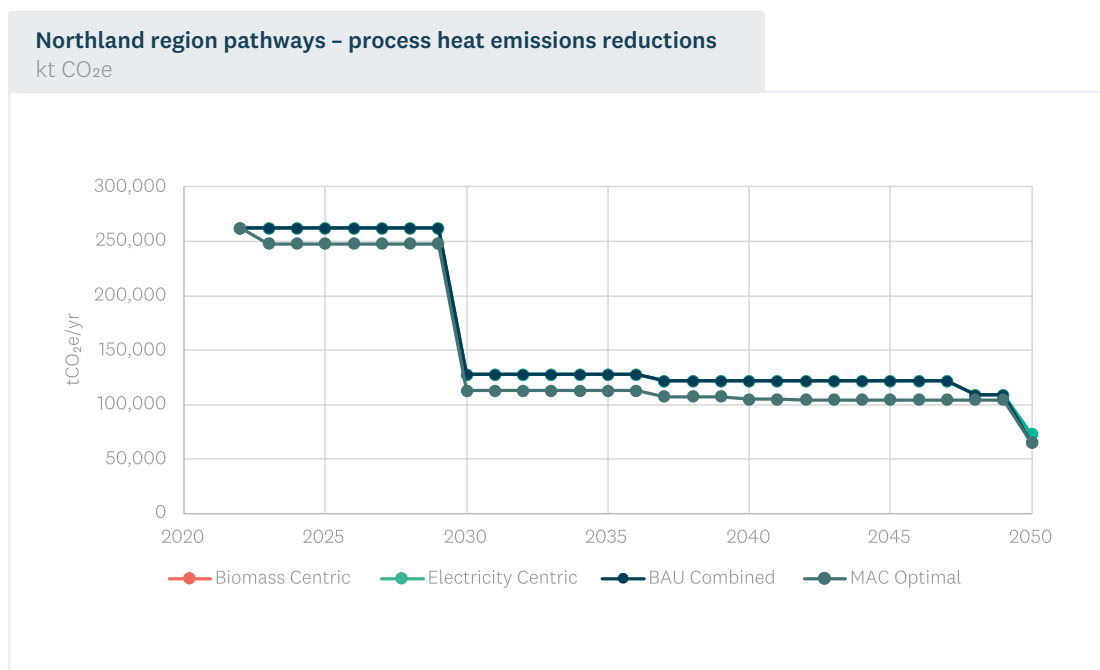
Compared to a scenario where each of these projects was executed based on the organisations' current plans (a BAU pathway), the MAC Optimal scenario would accelerate decarbonisation, and reduce the release of long-lived emission by a cumulative 392kt over the period of the RETA analysis to 2050 (Figure 5<sup>9</sup>).

<sup>8</sup> By 'economic', we mean that at a 6% discount rate these projects would reduce costs for the firms involved over a 20-year period (i.e. the Net Present Value would be greater than zero, at the assumed trajectory of carbon prices).

<sup>9</sup> Note that the Electricity Centric and Biomass Centric pathways are obscured in the chart by the BAU Combined pathway.



Figure 5 – Simulated emissions using Electricity Centric, Biomass Centric, BAU Combined and MAC Optimal pathways. Source: EECA



The MAC Optimal pathway proceeds faster, with the majority of emissions reductions achieved by 2030 primarily as a result of Golden Bay Cement's confirmed fuel switching project. However, this pace could be constrained by practical matters such as:

- The ability of process heat users to secure funding and commit to these investments in this timeframe.
- The ability of infrastructure providers to deliver the necessary network upgrades.
- The ability of forest owners and bioenergy aggregators to make sufficient resource available.



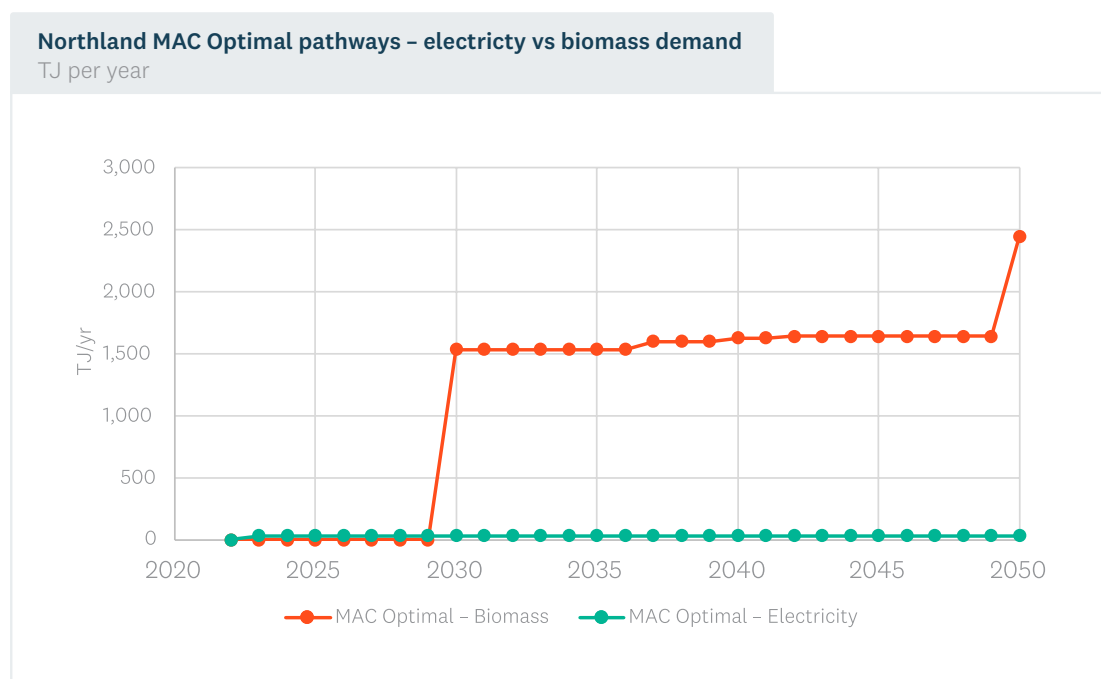
## Northland (RETA)

### 5.1.1 Pathway implications for electricity and biomass demands

The MAC Optimal pathway sees fuel decisions that result in 1% of the energy needs in 2050 supplied by electricity, and 99% supplied by biomass (Figure 6). The sheer dominance of biomass reflects its lower overall cost as a fuel for large industrial and dairy projects which require high temperature boilers for their process heat<sup>10</sup>. Compared to sites analysed in the South Island, biomass in Northland is lower cost, due to the plentiful forestry resources. Further, the retail cost of electricity is higher than in the South Island, due to less favourable fuel-switching ‘special pricing’ deals being available from electricity retailers.

We expand further on these fuel switching outcomes in the sections below.

Figure 6 - Electricity and biomass demand in MAC Optimal pathway. Source: EECA



Before doing so, it is important to recognise the significant impact that demand reduction and heat pump efficiency projects have on the overall picture of Northland process heat decarbonisation. As shown in Figure 3, investment in demand reduction and heat pumps meets 6% of today’s Northland energy demands<sup>11</sup> from process heat users, which in turn reduces the necessary fuel switching infrastructure required: thermal capacity required from new biomass and electric boilers would be reduced by 4MW if these projects were completed. We estimate that demand reduction and heat pumps would avoid investment of \$4M to \$6M in electricity and biomass infrastructure<sup>12</sup>.

<sup>10</sup> That is, they can’t fuel switch using high efficiency heat pumps alone.

<sup>11</sup> This is true for both energy consumption and also the peak thermal demand required from biomass or electric boilers.

<sup>12</sup> On the assumption that 1MW of electrode boilers, and associated network connections, or 1MW of biomass boilers, cost on average between \$1M-\$1.5M.





Russell, Northland, New Zealand. Credit – Top Energy.

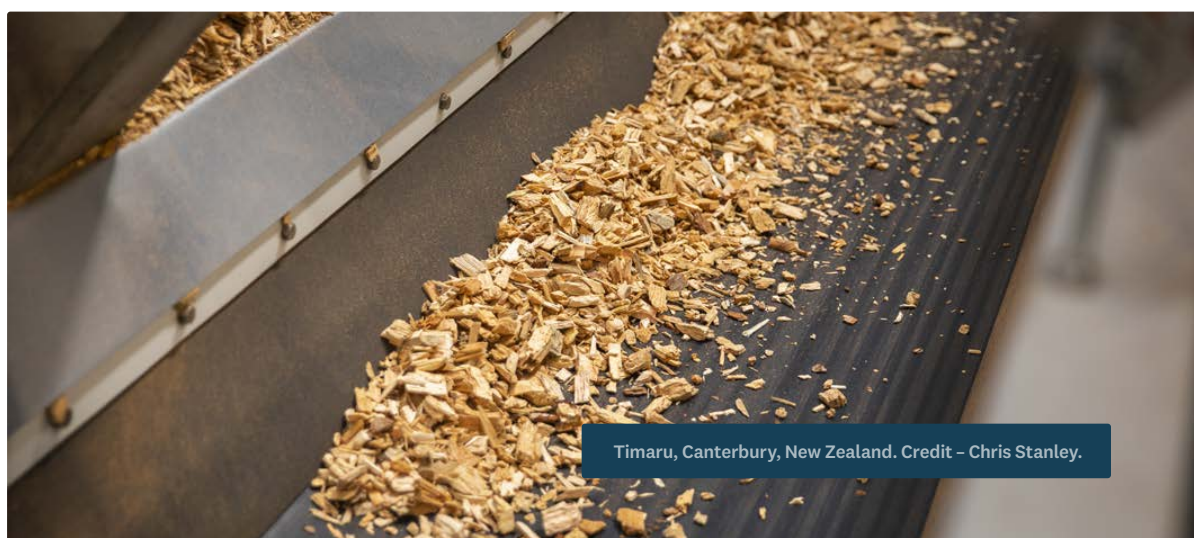
Northland (RETA)

# 6 Biomass – resources and costs

The use of woody biomass for bioenergy requires careful consideration of emissions and sustainability – for example, depending on the source, the diversion of wood to bioenergy may change the timing of the release of emissions by a significant period (compared to the natural decomposition of biomass). Suppliers and consumers of biomass for bioenergy need to be confident they understand any wider implications of their choices. No formal guidelines or standards exist in New Zealand at this point, and EECA recommends one is developed for the New Zealand context, drawing on international standards and experience.

A good sense of the total availability of harvestable wood in the Northland region requires both a top-down and bottom-up analysis (based on interviews with major forest owners), as forest owners' actual intentions will often deviate from centralised forecasts due to changes in log prices and other dynamic factors. The bottom-up analysis also provides an assessment of where the wood is expected to flow through the supply chain – via processors to domestic markets, or export markets, as well as volumes that are currently being utilised for bioenergy purposes. It also allows us to estimate practical levels of recovery of harvesting residues.

A top-down analysis shows that the level of harvested wood in the Northland region will vary considerably over the next 27 years (Figure 7). The total available wood resource falls over the period 2026-29 and increases from 2030. This occurs due to the age distribution of the existing forests (around half of Radiata pine is more than 14 years old), combined with assumptions regarding when forests are harvested.



Timaru, Canterbury, New Zealand. Credit – Chris Stanley.

Figure 7 – Wood resource availability in the Northland region, 2023-2050.



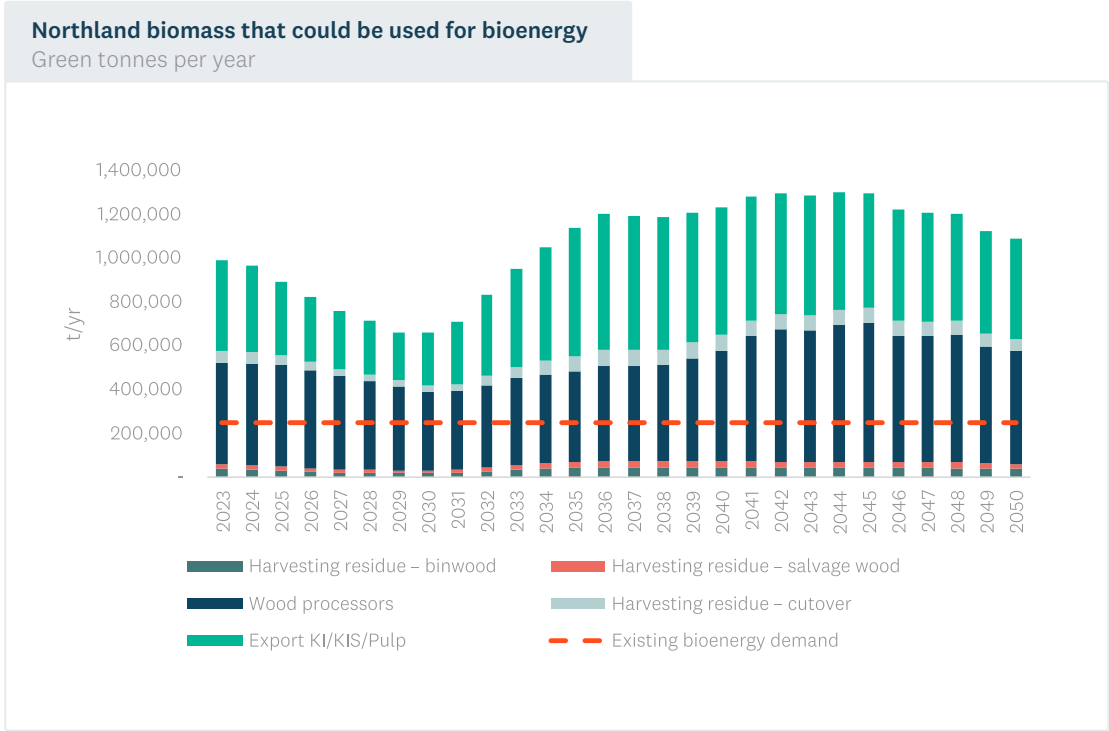
A more comprehensive view of resource availability, that combines the top-down and bottom-up analyses, reveals the potential volumes that could be available for bioenergy. This analysis:

- Considers the potential volumes arising as residues from processing sawlogs for the domestic market.
- Removes volumes that are currently contracted to domestic timber markets.
- Takes a more realistic approach to estimating the potential harvesting residues (binwood, salvage wood and cutover) than the theoretical potential used in Figure 7.
- Overlays the existing demand for bioenergy, that already draws on these resources.

The resulting potential volume for bioenergy is shown in Figure 8.

Northland (RETA)

Figure 8 – Assessment of available Northland woody biomass that could be used for bioenergy.

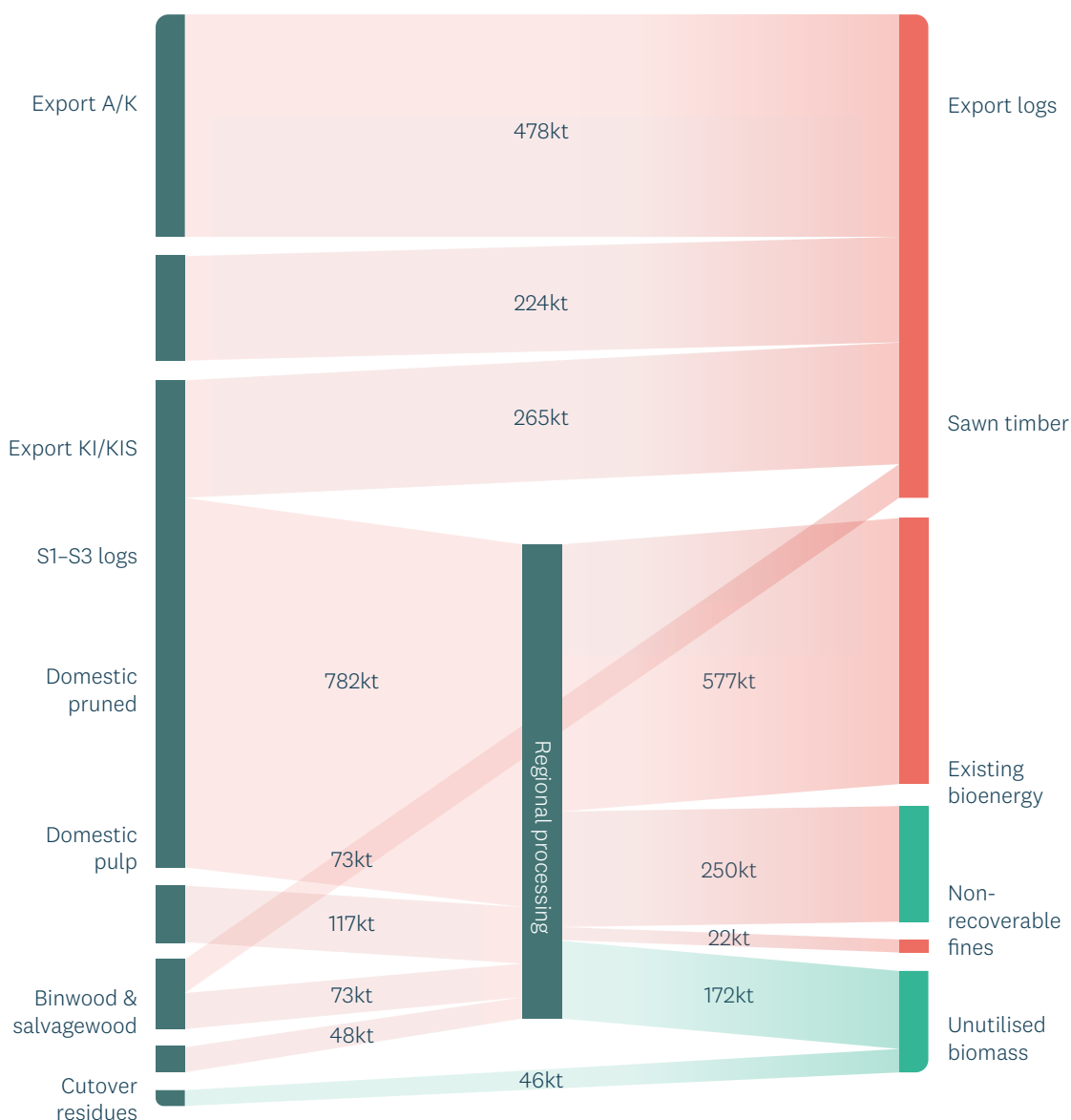


The overall analysis of the Northland region is summarised in Figure 9. Wood flows that could – in part or in full – be diverted to new bioenergy demand from process heat are shown in green.





Figure 9 – Wood flows in the Northland region. Source: Ahikā, Margules Groome

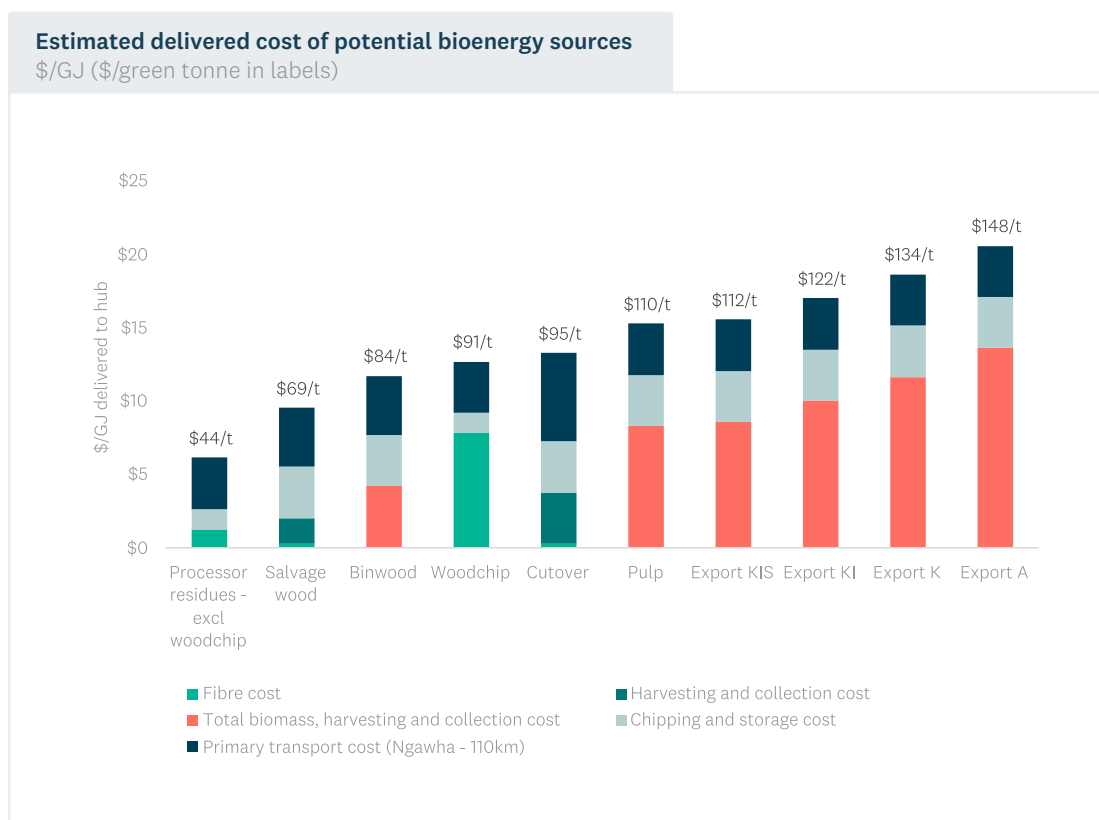


Overall, EECA estimates that, on average over the next 15 years, **approximately 218,500t per year (1,569TJ) of Northland woody biomass is currently unutilised and could be recovered for new boiler demands without disrupting low grade export markets or existing bioenergy consumers.** However, this average disguises the significant variance in the annual availability described above.

The costs of accessing this biomass, and delivering it to the process heat user's site, is presented in Figure 10.

Northland (RETA)

Figure 10 – Estimated delivered cost of potential Northland bioenergy sources. Source: Ahikā, Margules Groome, average value 2023-2037



We retain export grade A and K logs in the analysis to represent ‘scarcity values’ if our scenario analysis below should indicate that other more plausible and sustainable sources of bioenergy are insufficient. We do not believe these are sustainable or practical sources of bioenergy.

Our expectation is that available biomass will be processed into products that suit the size of the Northland process heat user. In our modelling, we assume that the available volumes in Figure 10 can be processed into woodchip and delivered to process heat users for \$20/GJ (\$260 per tonne of dried woodchip), while pellets will cost \$24/GJ (\$410/t).

## 6.1 Impact of pathways on biomass demand

Our pathway analysis below shows the growth in biomass demand (in both tonnes and TJ per year) arising from each of the pathways (Figure 11). The different pathways are broadly similar for most of the period considered in our analysis.

The pathways also show that the availability of harvesting and processing residues is expected to be more than sufficient for the demand arising from any pathway. In fact, it highlights that there may be potential for the Northland region to export biomass to neighbouring regions, depending on transport costs.

Figure 11 – Growth in biomass demand from Northland pathways. Source: EECA



Based on the biomass cost figures provided above, our analysis suggests that, over the next 15 years, the MAC Optimal process heat market demand for these residues could be around \$73M (on a cost basis<sup>13</sup>).

The degree to which these resources are used is a commercial decision, which would include a comparison with alternatives in terms of cost, feasibility, and desirability. Depending on the process heat users' preference of fuel type some types of resources may not be suitable. In some situations, higher cost pellets may be required, which in turn require higher-grade raw material.

<sup>13</sup> Cost of 6,600TJ of biomass collected and delivered to a hub for \$14/GJ (wet wood), not including costs associated with processing into dried wood chips or secondary transport from the hub to each process heat user.

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# 7 Electricity – network capacity and costs

The availability of electricity to meet the demand from process heat users is largely determined at a national ‘wholesale’ level. Supply is delivered to an individual RETA site through electricity networks – a transmission network owned by Transpower, and a distribution network, owned by electricity distribution businesses (EDBs), that connects individual consumers to the boundary of Transpower's grid (known as grid exit points, or GXPs). There are two EDBs serving the Northland region –Northpower and Top Energy.

The price paid for electricity by a process heat user is made up of two main components<sup>14</sup>:

- A price for ‘retail electricity’ – the wholesale cost of electricity generation plus costs associated with electricity retailing.
- A price for access to the transmission and distribution networks.

As shown in Figure 12, the forecast price of retail electricity (excluding network charges) is expected to increase (in real terms) from 11c/kWh in 2026 to 13c/kWh in 2037 under a ‘central’ scenario. However, different scenarios could see real retail prices higher or lower than that level by 2037.

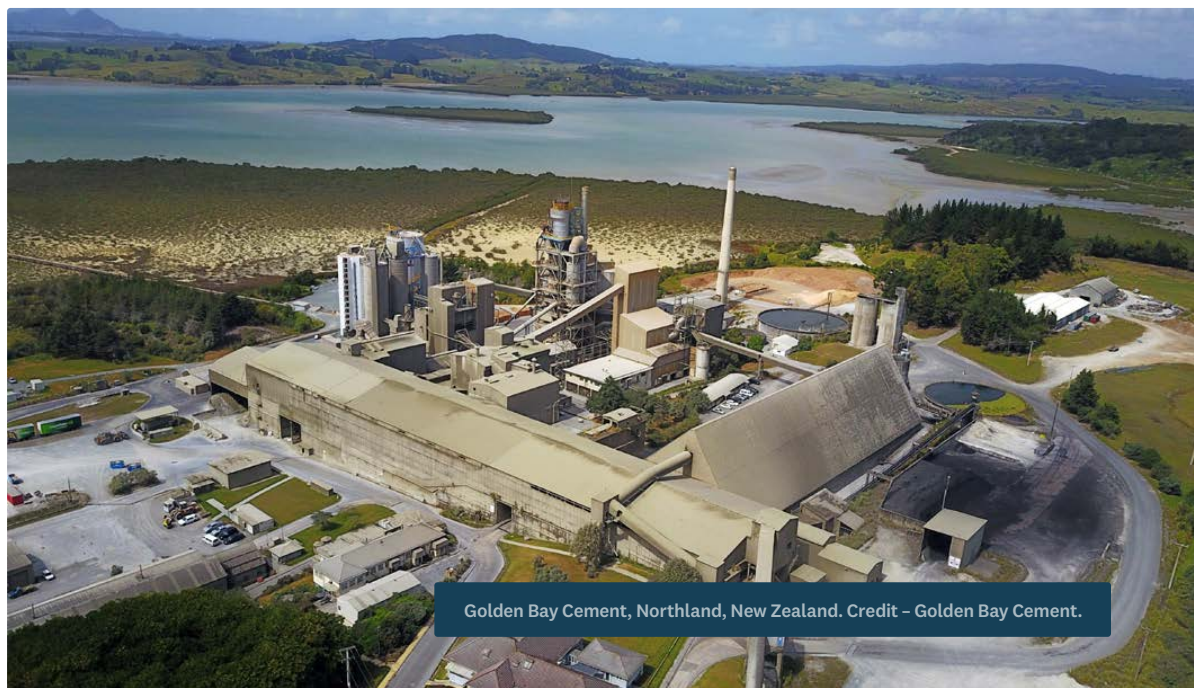
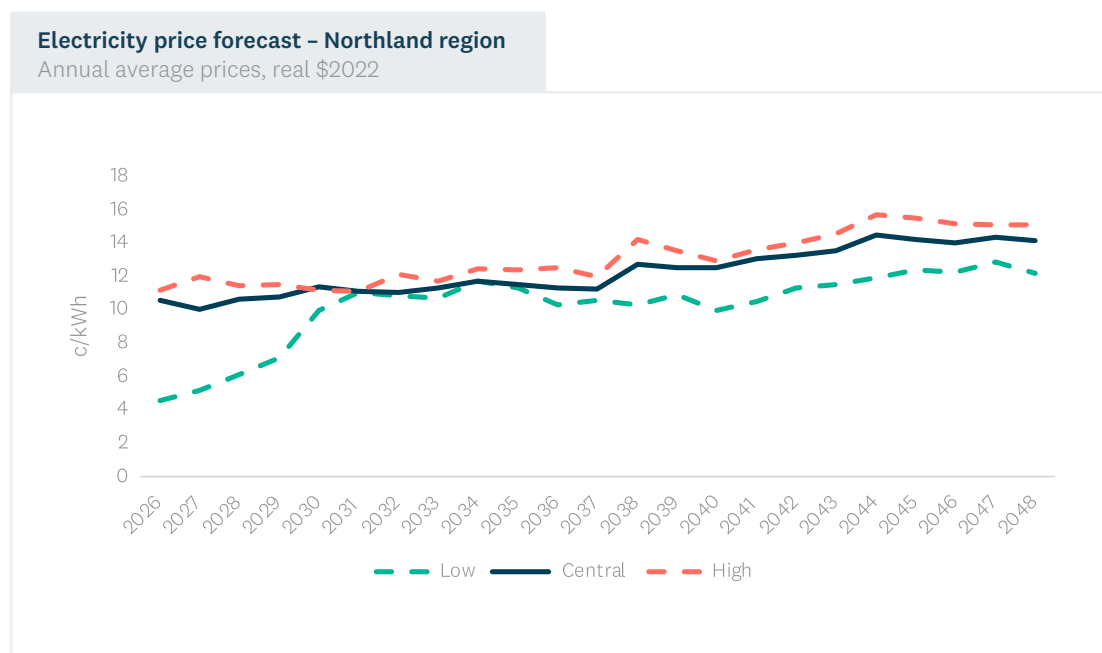




Figure 12 – Forecast of real annual average electricity price for large commercial and industrial demand in the Northland region. Source: EnergyLink



Beyond 2037, this forecast sees more significant increases in electricity prices. However, it is difficult to predict pricing out to 2050. Some New Zealand market analyses suggest real prices may remain constant after 2035, due to the downward pressure on generation costs (especially solar and wind) as technology and scale increases. Other analyses see continued increases. We cannot be definitive about electricity prices 20 years into the future and suggest business cases consider a range of scenarios.

EDBs charge electricity consumers for the use of the existing distribution network. In addition, where the connection of new electric boilers requires EDBs to invest in distribution network upgrades, the cost of these can be paid through a mix of ongoing network charges, and an up-front 'capital contribution'. Each EDB maintains policies that govern the degree of capital contribution, and process heat users need to discuss these with their respective EDBs.

In addition, process heat users who connect new electric boilers directly to Transpower's grid will face equivalent transmission charges, as determined under the Transmission Pricing Methodology (TPM). Process heat users who connect to the EDBs networks will also face a share of these transmission costs, as determined by the EDBs pricing methodologies.

An approximation of the potential charges faced by process heat users who electrify is presented in Table 4. These are based on each of the EDB's announced prices for the year 2023/24.

Northland (RETA)

Table 4 – Estimated and normalised network charges for Northland’s large industrial process heat consumers, by EDB; \$ per MVA per year.

EDB	Distribution charge	Transmission charge	Total charge
<b>Northpower</b>	\$90,700	\$16,300	\$107,000
<b>Top Energy</b>	\$150,000	\$50,000	\$200,000

Transpower and the EDBs are experiencing an increasing need for investment as a result of continued population and business growth, distributed generation, and the electrification of transport<sup>15</sup> and process heat. The timing of demand growth (that drives this investment) is uncertain, which results in a challenging decision-making environment for network companies. As we recommend below, it is important that process heat users considering electrification keep EDBs abreast of their intentions.

The primary considerations for a process heat user considering electrification are:

- The current ‘spare capacity’ (or headroom) and security of supply levels in Transpower and the EDBs’ networks to supply electricity-based process heat conversions.
- The cost of any upgrades required to accommodate the demand of a process heat user, taking into account seasonality and the user’s ability to be flexible with consumption, as well as any other consumers looking to increase electricity demand on that part of the network.
- The timeframe for any network upgrades (e.g. procurement of equipment, requirements for consultation, easements and regulatory approval).
- The price paid for electricity to an electricity retailer (or direct to the wholesale market, for large sites), and any other charges paid by electricity consumers (e.g. use-of-network charges paid to EDBs and Transpower).
- The level of connection ‘security’ required by the site, including its ability to tolerate any rarely occurring interruptions to supply, and/or the process heat user’s ability to shift its demand through time in response to a signal from the network or the market. This flexibility could reduce the cost of connection, and the supply costs of electricity.

For the majority of sites considering electrification, the ‘as designed’ electrical system can likely connect the site with minor distribution level changes and without the need for substantial infrastructure upgrades. Our estimates suggest most of these minor upgrades would have connection costs under \$1M (and many under \$300,000) and experience connection lead times of less than 12 months.

More substantial upgrades to the distribution network are required for two of the 16 sites, with commensurately higher estimated costs (mostly between \$1.2M and \$8M) and longer lead times (12-30 months).

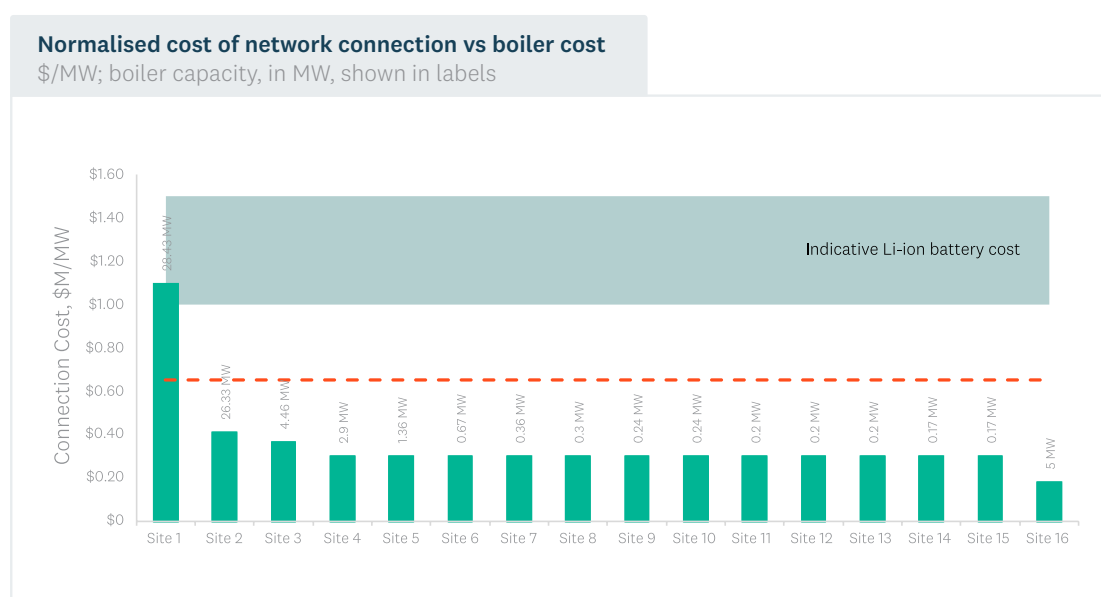
One site may require major distribution and transmission upgrades, depending on the number of boilers that are converted to electricity, and the level of network security required. The estimated cost of the upgrades may reach \$23M and take up to 36 months to execute.

<sup>15</sup> While this RETA analysis only examines demand from process heat electrification, and public EV charging facilities where this information is available to EECA, this broader context of potentially rapid growth in demand is important to understanding the challenges associated with accommodating new load.

The costs of connection can be a significant part of the overall capital cost associated with electrifying process heat demand, and process heat users need to engage with EDBs to discuss connection options and refine the cost estimates we have included in this report.

Figure 13 shows each site's connection costs expressed in per-MW terms, i.e. relative to the capacity of the proposed boiler.

Figure 13 – Normalised cost of network connection vs boiler cost, Northland RETA sites. Source: Ergo, EECA



The red dashed line in Figure 13 compares these per-MW costs to the estimated cost of an electrode boiler (\$650,000 per MW). The figure shows not only a wide variety of relative costs of connecting electrode boilers, but that for twelve sites, the connection cost more than doubles the overall capital cost associated with electrification. We note that these costs represent the total construction costs of the expected upgrades. The degree to which process heat users need to make capital contributions to these upgrades depends on a variety of factors and needs to be discussed with the relevant EDB.

The timeframes for connection above assume these investments do not require Transpower or EDBs to obtain regulatory approval. We note that if connections also rely on wider upgrades to the network, the EDB would have to seek regulatory approval for these investments, which could also add to the timeline.

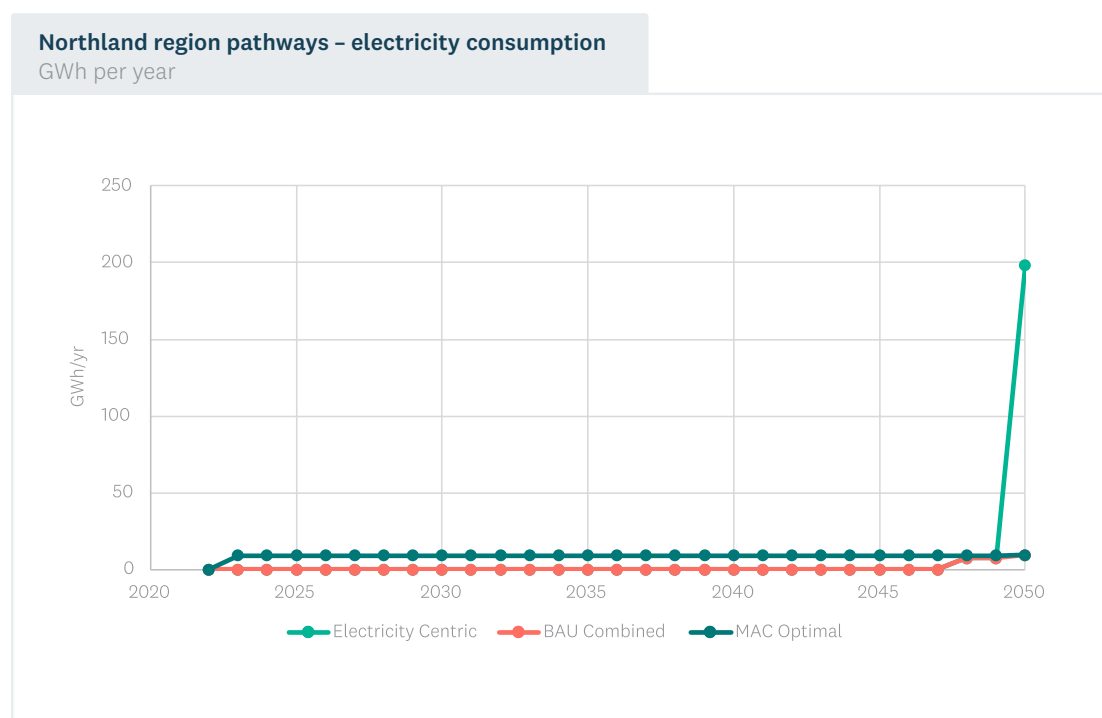
The costs provided above are indicative and appropriate for a screening analysis. They should be further refined in discussion with network owners, and the final costs in some situations will depend on the collective decisions of a number of RETA sites who require access to similar parts of the network.

## Northland (RETA)

# 7.1 Impact of pathways on electricity demand

Figure 14 shows the pace of growth in electricity consumption under the different pathways.

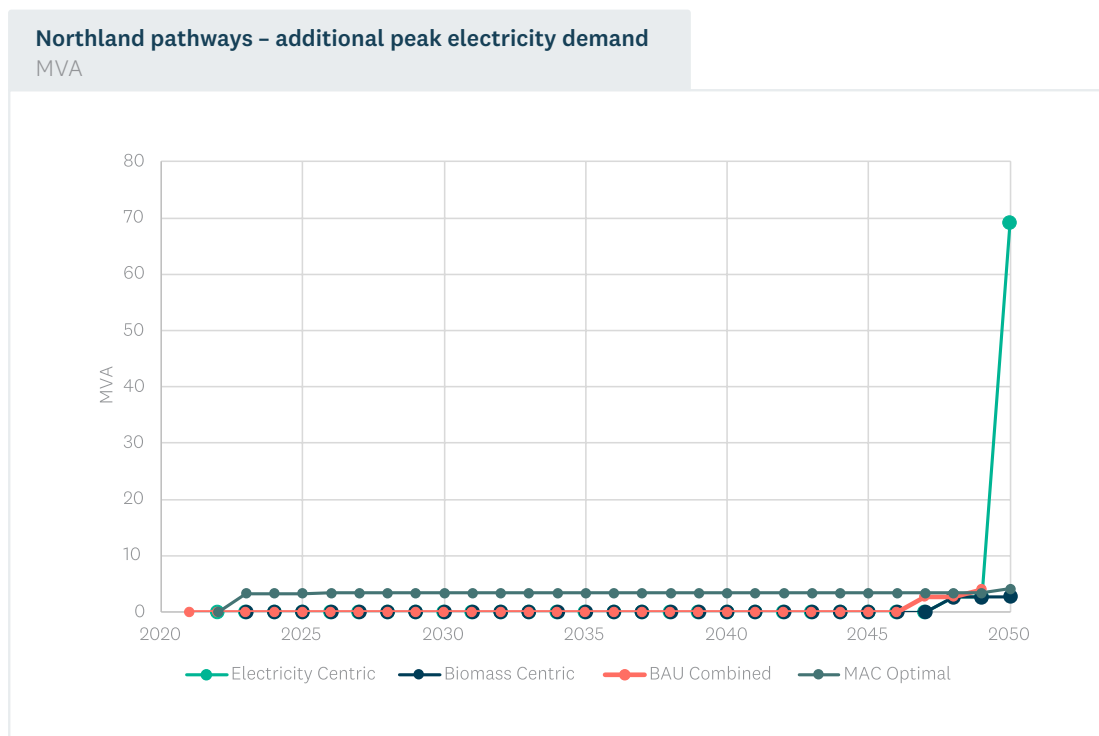
Figure 14 – Growth in Northland electricity consumption from fuel switching pathways. Source: EECA



The Electricity Centric pathway, where all unconfirmed sites choose electricity, would result in a 16% increase in the annual consumption of electricity in the region, although this wouldn't occur until 2050 (and is unlikely to occur all at once, as shown in Figure 14). In the MAC Optimal and BAU Combined pathways, electricity consumption in Northland would only grow by less than 1%. In the MAC Optimal pathway, most of this growth would be observed in the next two years.

EDBs' investments will be driven more by increases in peak demand than by growth in consumption over the year. Figure 15 shows how the different pathways affect peak demand across the three networks.

Figure 15 – Potential Northland peak electricity demand growth under different pathways.



The electricity demand from new electrode boilers and heat pumps is at most 4MW<sup>16</sup> between now and 2049, with a further 65MW increase in 2050 in the Electricity Centric pathway.

Table 5 shows how process heat connections potentially affect each EDB's network investment between now and 2050. Note that these costs are only the upgrades required to accommodate each process heat user in isolation of demand growth from other process heat users, or wider growth from transport electrification or 'normal' growth. They do not include a share of the cost of any investments deeper in the network that might be triggered by this collective growth picture.

Table 5 – New connections (MW) and customer-driven connection costs under Electricity Centric and MAC Optimal pathways.

EDB	Electricity Centric pathway		MAC Optimal pathway	
	Connection capacity (MW)	Connection cost (\$M)	Connection capacity (MW)	Connection cost (\$M)
<b>North Power</b>	66	\$17.3	4.0	\$0.1
<b>Top Energy</b>	3	\$0.0	0.1	\$0.0
<b>Total</b>	<b>69</b>	<b>\$17.3</b>	<b>4.1</b>	<b>\$0.1</b>

<sup>16</sup> Between 5% and 12% of the three EDBs combined peak demand today.

#### Northland (RETA)

Table 5 shows that, understandably, Northpower will experience the largest increase in process heat-related electricity demand in the MAC Optimal pathway results. EECA's estimates suggest between \$0.1M and \$17.3M will be spent connecting new process heat plant to the local networks, depending on the pathway.

Note that the network upgrade costs presented in Table 5 may not necessarily reflect the connection costs paid by RETA organisations, as they may be shared between the EDB and the new process heat user. The degree of sharing ('capital contributions') depends on the policies of individual EDBs.

## 7.2 Opportunity to reduce electricity-related costs through flexibility

There is a potentially significant opportunity for process heat users considering electrification to reduce the costs of connection, and the total costs of purchasing electricity, by enabling flexibility in their consumption. This could take the form of being able to shift demand by a relatively small number of hours; allowing for a very small probability of interruption to their electricity supply; or maintaining a standby supply of fuel to be used in prolonged period of high electricity prices. The lowest cost way for flexibility to be enabled is for it to be designed into the electrification investment. Several service providers provide this expertise.







Electricity distribution, Northland, New Zealand. Credit – Top Energy.

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# 8 Recommendations

Our analysis has highlighted a range of opportunities and recommendations which would improve the overall process heat decarbonisation 'system'. These recommendations are summarised here.

Recommendations to improve the use of biomass for process heat decarbonisation:

- **More analysis, and potentially pilots, should be conducted to understand costs, volumes, energy content (given the potential susceptibility of these residues to high moisture levels) and methods of recovering harvesting residues.**
- **Work should be undertaken with forest owners to understand the logistics, space and equipment required for harvesting residues.**
- **The development of an E-grade would greatly assist in the development of bioenergy markets. Further, clarity regarding the grade and value of biomass should help the 'integrated model' of cost recovery, outlined above, achieve the best outcomes in terms of recovery cost and volumes.**
- **Analysis is required to determine the impact of recovering harvesting residues on soil quality, carbon sequestration, the risk of forest fires and what actions may be required to offset this.**
- **Mechanisms should be investigated and established to help suppliers and consumers to see biomass prices and volumes being traded and have confidence in being able to transact at those prices for the volumes they require. These mechanisms could include standardised contracts which allow longer-term prices to be discovered, and risks to be managed more effectively.**
- **National guidance or standards should be developed, based on international experience tailored to the New Zealand context regarding the sustainability of different bioenergy sources, accounting for international supply chain effects, biodiversity, carbon sequestration and the risk of forest fires.**
- **Wood processors are encouraged to explore the production of pellets locally, based on the likely demand provided in this report.**

Recommendations to improve the use of electricity for process heat decarbonisation:

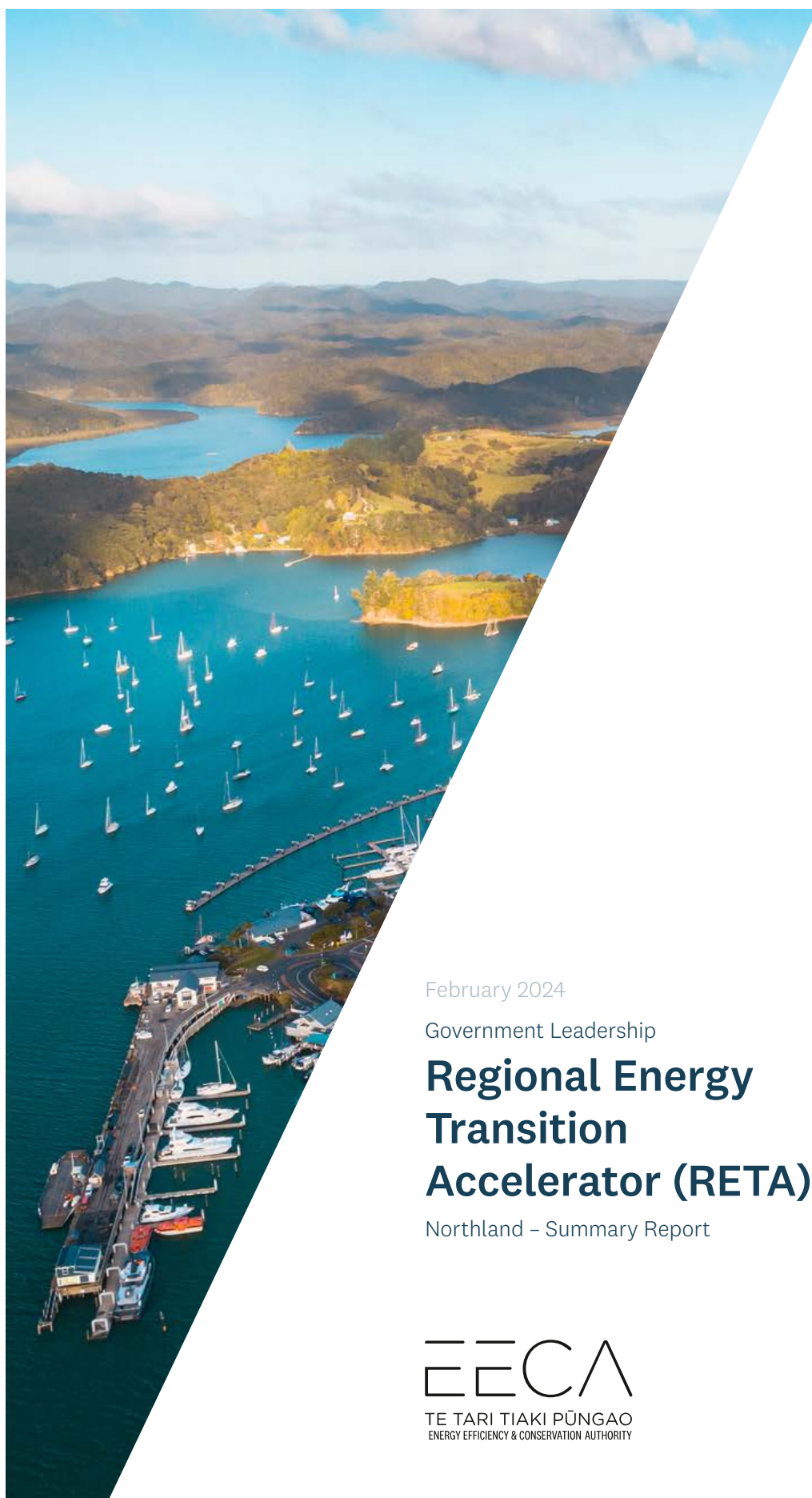
- **Process heat users should proactively engage with EDBs, keeping them up-to-date with their decarbonisation plans, and providing them with the best information available on the nature of their electricity demand over time (baseload and varying components); the flexibility in their heat requirements, which may allow them to shift/reduce demand, potentially at short notice in response to system or market conditions; the level of security they need as part of their manufacturing process, including their tolerance for interruption; and any spare capacity the process heat user has onsite. While the costs associated with network connection used in this report have been estimated based on the best publicly available information available to us, when process heat users provide the information above, it will allow EDBs to provide more tailored options and cost estimates.**



- EDBs should develop and publish clear processes for how they will handle connection requests in a timely fashion, opportunities for electrified process heat users to contract for lower security, and how costs will be calculated and charged, especially where upgrades may be accommodating multiple new parties (who may be connecting at different times).
- EDBs and process heat users should engage early to allow the EDB to develop options for how the process heat user's new demand can be accommodated, what the capital contributions and associated network charges are for the process heat user, and any role for flexibility in the process heat user's demand. Orion's CPD (Control Period Demand) charge is an example of a network charge that rewards process heat users for enabling and using flexibility in their demand. Understanding the overall picture of capital upgrades and network charges allows both EDBs and process heat user to find the overall best investment option.
- To support this early engagement, EDBs should explore, in consultation with process heat users and EECA, the development of a "connection feasibility information template" as an early step in the connection process. This template would include a section for process heat users to provide key information to EDBs, and a network section where EDBs provide high-level options for the connection of the process heat user's new demand. Information provided by EDBs would include the potential implications of each option for construction lead times, capital contributions, network tariffs and the use of the customer's flexibility.
- Retailers, flexibility aggregators, EDBs and the Electricity Authority should assist by sharing information that helps process heat consumers model the benefits of providing flexibility.
- The electricity sector and process heat users should collaborate to explore and demonstrate flexibility. This is consistent with steps in the FlexForum's Flexibility Plan.
- EDBs and retailers should ensure that the tariffs they offer process heat users are incentivising the right behaviour.
- EECA should expand future iterations of regional analyses to include transport as a decarbonising decision that will compete for electrical network capacity and biomass.
- EECA believes there is merit in obtaining a greater level of transparency of where fossil fuelled plant is being used to offset CPD charges, to help highlight where greater use of peak demand charges may be leading to unintended consequences, counter to decarbonisation imperatives. Monitoring changes in the use of diesel generators could be achieved through a stricter consenting regime via the regional council, or as part of EDB disclosures.

Recommendations to assist process heat users with their decarbonisation decisions:

- **Ministries (such as Ministry for the Environment) need to work with reputable organisations to develop scenario-based carbon price forecasts that decarbonising organisations can incorporate into their business cases.**



February 2024

Government Leadership

# **Regional Energy Transition Accelerator (RETA)**

Northland – Summary Report

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