

**Extraordinary Joint Regional Economic
Development Committee**
Thursday 18 April 2024 at 8.00am

AGENDA

Extraordinary Joint Regional Economic Development Committee Agenda

Meeting to be held remotely
on Thursday 18 April 2024, commencing at 8.00am

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

MEMBERSHIP OF THE EXTRAORDINARY 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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2.0 NGĀ WHAKAPAHĀ/APOLOGIES	
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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: 11 April 2024

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.

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: 11 April 2024


Whakarāpopototanga / Executive summary

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

Nga mahi tutohutia / Recommendation

That the action sheet be received.

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: 11 April 2024

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.

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 9 April 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.

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.

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.

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.

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graph TD
    Nov30[30 Nov] --> JREDC1[JREDC meet to finalise expectations]
    Nov30 --> EarlyDec[Early Dec]
    EarlyDec --> LOE[Letter of expectations]
    LOE --> EarlyDec
    EarlyFeb[Early Feb] --> DraftSOI1[Draft SOI from Northland Inc]
    DraftSOI1 --> JREDC2[JREDC discussion on draft]
    JREDC2 --> LTP1[Incorporate into LTP consultation]
    Feb23[23 Feb] --> JREDC2
    Apr5[5 April] --> JREDC3[JREDC finalise response to draft]
    Apr5 --> Shareholder[Shareholder comments from JREDC]
    Shareholder --> EarlyApr[Early April]
    EarlyApr --> Shareholder
    May31[31 May] --> FinalSOI[Final SOI from Northland Inc]
    FinalSOI --> LTP2[Incorporate into final LTPs]
    Jul26[26 July] --> JREDC4[JREDC meet to agree with WDC?]
    JREDC4 --> LTP2
  
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The diagram illustrates a timeline from November to July. Key milestones include: 30 Nov (JREDC meet to finalise expectations), Early Dec (Letter of expectations), Early Feb (Draft SOI from Northland Inc), 23 Feb (JREDC discussion on draft), 5 April (JREDC finalise response to draft), Early April (Shareholder comments from JREDC), 31 May (Final SOI from Northland Inc), and 26 July (JREDC meet to agree with WDC?). The process concludes with 'Incorporate into LTP consultation' and 'Incorporate into final LTPs'.

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 & 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.

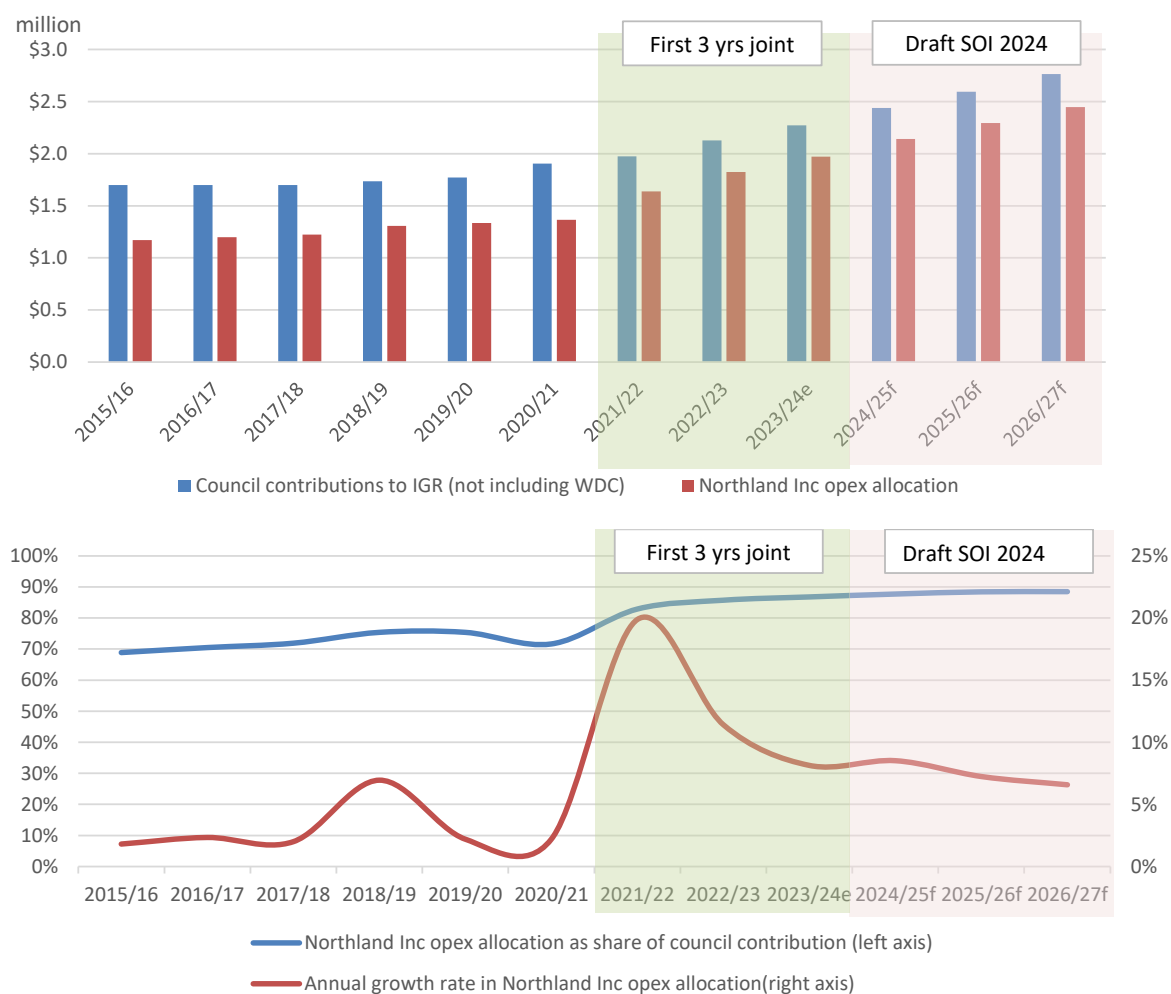
Financial information – further commentary

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](#) 



NorthlandInc

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 Whakatauāki

"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.

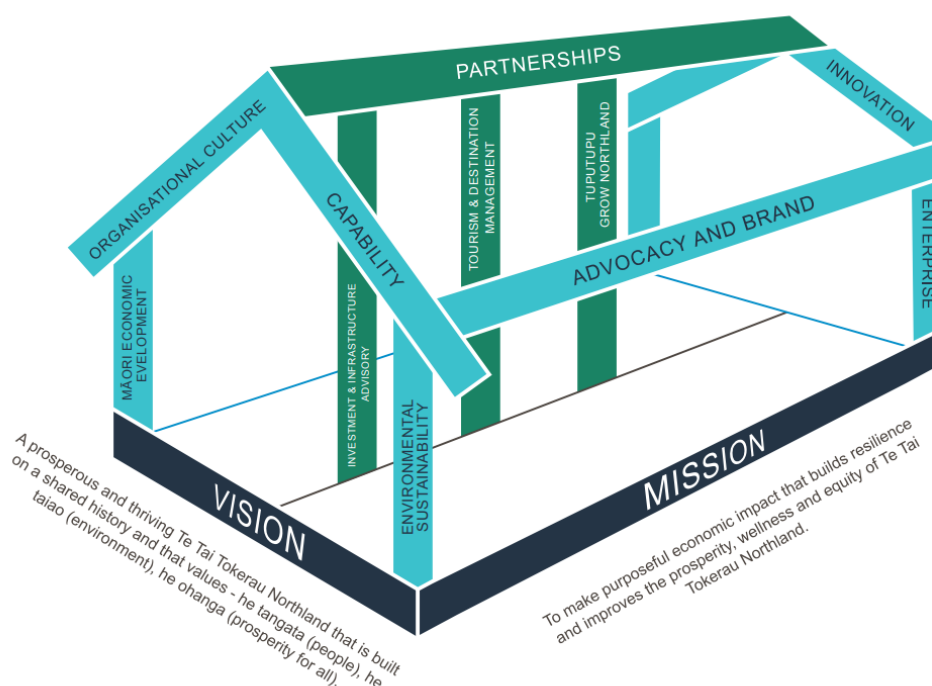
Northland Inc is partially funded by operational contributions from the Shareholders and is project funded through other public and private agencies, with central government being the next largest contributor.

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:

Outputs	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
Outcomes	Number of high impact projects that are implemented (reporting by regional strategic sectors).	Target 4 per annum
Additional Regional Outcomes Sought	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:

Outputs	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
Outcomes	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
Additional Regional Outcomes Sought	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:

Outputs	Number of destination marketing campaign initiatives 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
Outcomes	Number of Destination Management Plan initiatives completed in partnership with stakeholders.	Target (per annum) 2024/25: 6 2025/26: 7 2026/27: 8
Additional Regional Outcomes Sought	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:

Outputs	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%
Outcomes	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
Additional Regional Outcomes Sought	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:

Outputs	Number of regional economic development updates or reports released	Target: 6 per annum
Outcomes	Number of media features that profile the region	Target 24 per annum
	Number of media activity that references Northland Inc	Target 52 per annum
Additional Regional Outcomes Sought	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:

Outputs	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
Outcomes	Proportion of Māori organisations that are satisfied with Northland Inc support	Target (per annum) 2024/25: >80% 2025/26: >85% 2026/27: >90%
Additional Regional Outcomes Sought	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:

Outputs	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%
Outcomes	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
Additional Regional Outcomes Sought	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 1st and 3rd 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
Income			
BAU			
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
Total BAU Income	\$ 2,923,083	\$ 2,709,020	\$ 2,860,020
BAU Expenses			
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
Total BAU Expenses	\$ 2,837,366	\$ 2,530,465	\$ 2,625,401
Strategic Projects Income			
Whariki	\$ 235,000	\$ -	\$ -
Resilience	\$ 100,000	\$ -	\$ -
Strategic Project Reserves			
Resilience	\$ 24,375	\$ -	\$ -
Whariki	\$ 235,000	\$ -	\$ -
Total Strategic Projects Income	\$ 594,375	\$ -	\$ -
Strategic Projects Expenses			
Whariki Activities	\$ 151,095	\$ -	\$ -
GN	\$ 90,000	\$ 50,000	\$ 60,000
Strategic Salaries	\$ 290,349	\$ 30,000	\$ 70,000
Overheads	\$ 52,931	\$ -	\$ -
Total Strategic Project Expenses	\$ 584,375	\$ 80,000	\$ 130,000
Total Income BAU & Strategic Projects	\$ 3,517,458	\$ 2,709,020	\$ 2,860,020
Total Expenses BAU & Strategic Projects	\$ 3,421,741	\$ 2,610,465	\$ 2,755,401
Total Net Surplus/Deficit	\$ 95,717	\$ 98,555	\$ 104,619
Other Income/Expenses			
NIEP			
IGR Project Development	\$ 190,000	\$ 190,000	\$ 190,000
Tenant Income confirmed	\$ 80,000	\$ 80,000	\$ 80,000
Total NIEP Income	\$ 270,000	\$ 270,000	\$ 270,000
NIEP Expenses			
Overheads	\$ 278,495	\$ 280,000	\$ 280,000
Salaries	\$ 79,590	\$ 81,988	\$ 84,437
Total NIEP Expenses	\$ 358,085	\$ 361,988	\$ 364,437
Total Net Surplus/Deficit Other Income/Expenses	-\$ 88,085	-\$ 91,988	-\$ 94,437
Total Net Surplus/Deficit	\$ 7,633	\$ 6,567	\$ 10,182

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: 11 April 2024

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.

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 9 April 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.

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.

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.


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 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.

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 [!\[\]\(097cdd6c9c875b64d9b8c9a2409491c4_img.jpg\)](#) 

Attachment 2: Shareholders' Agreement for Northland Inc Limited - proposed changes [!\[\]\(f9f168a9979beed8b01f8750d577d508_img.jpg\)](#) 

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 [↓](#) 



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.

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.

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

Option 2

Stick with what we do now

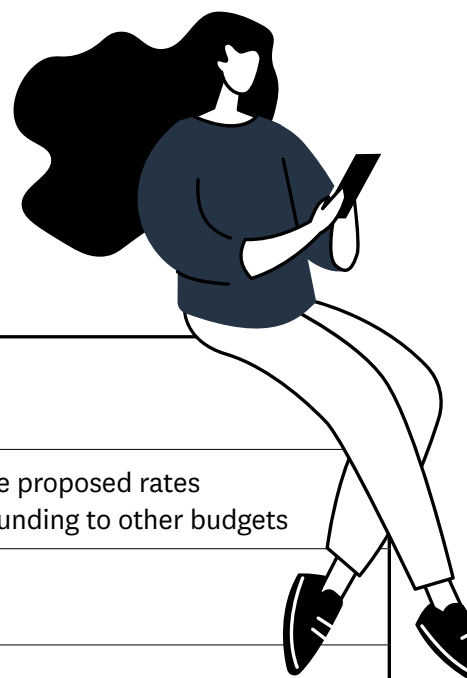
We could continue with \$105,000 of grant funding to Northland Inc without becoming a shareholder or making contributions to the wider Investment and Growth Reserve. Under this option the funding we have allocated for this in the draft plan would either be reallocated to other budgets or we could slightly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



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

Shareholders' Agreement

Northland Inc Limited

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Dated the ~~1st day of July 2021~~

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 n

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 n

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 been adopted, this clause needs to be deleted. Do not consider that the existing constitution (as which can be found uploaded to the Company 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**

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

- (a) Subject to clause 6.2(b), for the purposes of clause 6.1, a 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 100% of the votes to be cast on the business to be transacted by the meeting such number of Shareholders who between them are able to pass any resolutions to be submitted at a Shareholders' meeting.
- (a)(b) If a quorum as defined under clause 6.2(a) is not present within 30 minutes after the time appointed for a Shareholders' meeting, the meeting shall be adjourned to the same day in the following week at the same time and place and if, at the adjourned meeting, a quorum as defined under clause 6.2(a) is not present within 30 minutes after the time appointed for the adjourned meeting, the shareholders or their proxies present or have cast postal votes shall constitute a quorum for that meeting of Shareholders.

Commented [DJ4]: Revised to make it clear quorum of shareholders is for the purpose of shareholders' meeting. Made consistent with quorum requirement of all shareholders being

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.

Commented [DJ5]: An additional qualifier is avoid the requirement for Joint Committee de multi-year lease agreements worth less than This amount was chosen to be consistent with 7.1(b).

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.
- (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 a~~ ~~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 therefrom receipt of the WDC Notice and, for the avoidance of doubt, clause 12 shall apply to the Transfer.~~

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

- 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

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

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

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**

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**

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**

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 Reference¹

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

¹ Approved by NRC at its meeting on [insert date] 2024 June 2024, FNDC on [insert date] 2024, 24 June 2024 ~~and~~ KDC on [insert date] 2024 and WDC on [insert date] 2024 30 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: 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 11 April 2024

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.


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 9 April 2024, be received.

Background/Tuhinga

Not applicable.

Attachments/Ngā tapirihanga

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

NINC KPI Report 2nd Quarter (July - December 2023)

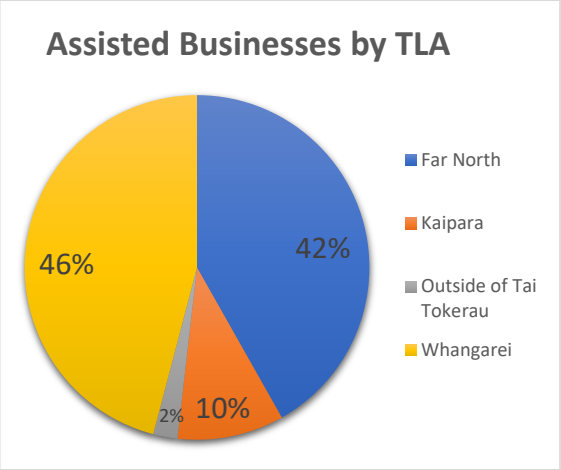
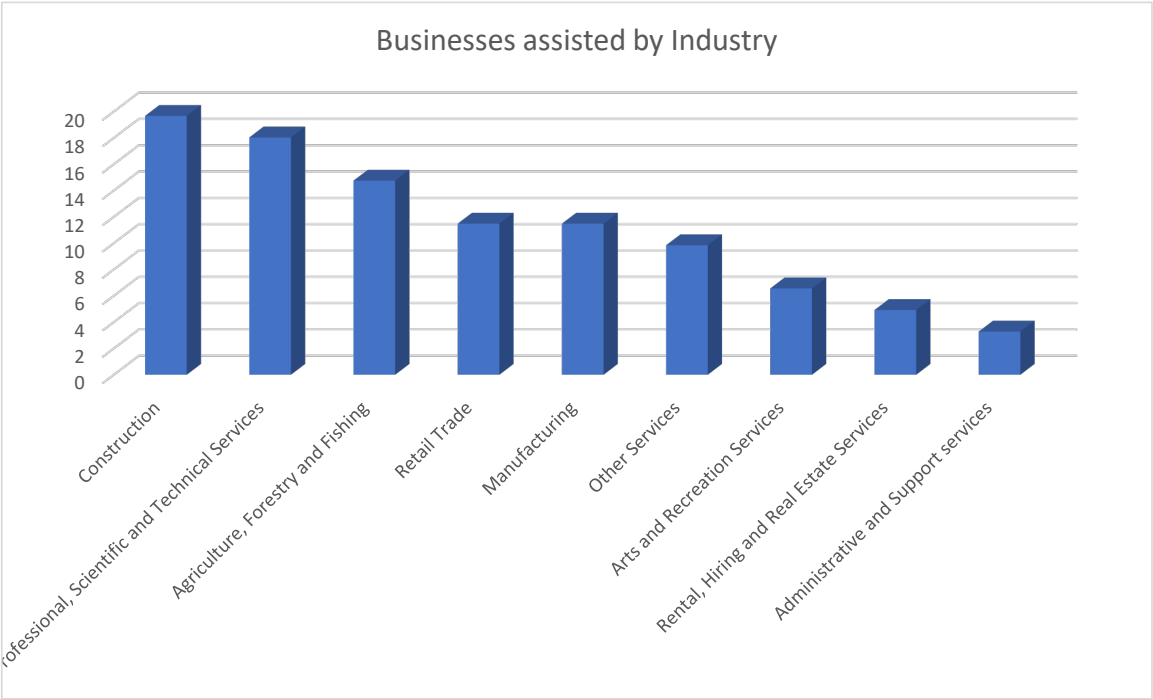
Objective	How we will measure				
	Type	Measure	Target 2023/24	Actual to date 2023/24	Comment
Māori Economic Development	Output	Number of iwi/hapū groups and other Māori organisations, e.g. marae, land trusts, etc. actively supported.	18	14	On Target
	Outcome	Proportion of Māori organisations that are satisfied with Northland Inc support.	>80%	80%	We are now using an external survey process.
Environmental Sustainability	Output	Number of businesses and organisations supported to improve their climate resilience journey.	20	-	Responsible tourism programme starting in March
		Proportion of projects funded through Project Development that have identified their pathway to low emissions.	80%	100%	3 projects funded
		Change 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	Number 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
		Number of inward delegations hosted.	3	2	Engagement for repurposing the refinery equipment. Forestry waste to biofuel opportunity

NINC KPI Report 2nd Quarter (July - December 2023)

Objective	How we will measure				
	Type	Measure	Target 2023/24	Actual to date 2023/24	Comment
	Outcome	Client satisfaction with businesses assistance provided by Northland Inc as measured by Net Promotor Score.	NPS >50	70%	
		Value of grant funding and investment facilitated for Māori businesses.	\$130k	\$102K	
		Number 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.
Destination Management and Marketing	Output	Number 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
		Number of actions under implementation from the Destination Management Plan	6	5	
Profile and Advocacy of Economic Developments	Output	Number of regional economic development updates or reports released	6	3	Quarterly ED Update Brynderwyns closure impact study Ext 350 programme report
	Outcome	Number of media features that profile the region	24	16	On Target
		Number of media activity that references Northland Inc	52	35	On Target

NINC KPI Report 2nd Quarter (July - December 2023)

Unique Businesses reported by industry and territorial Authority



NINC KPI Report 2nd 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 \$
Revenue						
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
Total Revenue	2,567,804	1,866,945	700,860	7,532,510	4,156,290	3,376,220
Expenditure						
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)
Total Expenditure	2,625,949	2,154,154	(471,796)	7,519,983	4,155,339	(3,364,644)
Total Surplus (Loss)	(58,145)	(287,209)	229,064	12,527	952	11,576

NINC KPI Report 2nd Quarter (July - December 2023)

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

Inclusive of GST														
Northland INC	November		December		January		February		March					Cashflow Budget
Cash Flow 2023/24	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.