

Joint Regional Economic Development Committee

Friday 23 September 2022 at 10.00am - 12.00pm

AGENDA

Joint Regional Economic Development Committee Agenda

Meeting to be held in the Dargaville Town Hall
on Friday 23 September 2022, commencing at 10.00am - 12.00pm

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

MEMBERSHIP OF THE JOINT REGIONAL ECONOMIC DEVELOPMENT COMMITTEE

Chairperson, Councillor Justin Blaikie

Councillor Terry Archer

Councillor Anna Curnow

Councillor David Clendon

Councillor John Vujcich

Councillor Peter Wethey

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3.0 NGĀ WHAKAPUAKANGA/DECLARATIONS OF CONFLICTS OF INTEREST	
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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 whakamaui
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!

Joint Regional Economic Development Committee

TITLE: **Confirmation of Minutes - 29 July 2022**

From: Meloney Tupou, Maori Governance and Engagement Support Admin

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 16 September 2022

Ngā mahi tūtohutia / Recommendation

That the minutes of the Joint Regional Economic Development Committee meeting held on 29 July 2022, be confirmed as a true and correct record.

Attachments/Ngā tapirihanga

Attachment 1: Joint Regional Economic Development Committee Minutes - 29 July 2022 [↓](#) 

Joint Regional Economic Development Committee
29 July 2022

Joint Regional Economic Development Committee Minutes

Meeting held in the Council Chamber
36 Water Street, Whangārei
on Friday 29 July 2022, commencing at 10.00am

Tuhinga/Present:

Chairperson, Councillor Justin Blaikie
Councillor Anna Curnow
Councillor John Vujcich
Councillor Peter Wethey

I Tae Mai/In Attendance:

Full Meeting

Economist (NRC)
Economic Policy Advisor (NRC)

Part Meeting

Chair of the Board of Directors (NINC)
CEO (NINC)
Business Analyst (NINC)
Portfolio Manager, Action Plan (NINC)
Kaiwhakatere – GM Māori (NINC)
GM, Investment & Infrastructure (NINC)
Project Lead, Extension 350 (NINC)
Team Leader – Policy (FNDC)
Governance & Engagement GM (NRC)
CEO (NRC)
Administration (NRC)

The Chair declared the meeting open at 10.05am.

Ngā Mahi Whakapai/Housekeeping (Item 1.0)

Ngā whakapahā/Apologies (Item 2.0)

That the apologies from Councillor David Clendon for non-attendance be received.

Carried

Secretarial Note: The Joint Committee members collectively agreed to accept the apology without the need for a mover and seconder.

Joint Regional Economic Development Committee
29 July 2022

Confirmation of Minutes - 29 April 2022 (Item 4.1)

Report from Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Moved (Peter Wethey / Anna Curnow)

That the minutes of the Joint Regional Economic Development Committee meeting held on 29 April 2022 be confirmed as a true and correct record.

Carried

Receipt of Action Sheet (Item 5.1)

Report from Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Moved (John Vujcich / Justin Blaikie)

That the action sheet be received.

Carried

Secretarial note: That an action be noted regarding a request to hold the September Joint Regional Economic Development Committee meeting and quarterly workshop with Northland Inc in the Kaipara district.

Secretarial note: That an update be provided to the Joint Committee on the Regional Economic Development Strategy in a form that can be passed on as an update to their respective councils .

Northland Inc Limited: Statement of Intent 2022-25 (Item 6.1)

Report from Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Moved (Peter Wethey / Anna Curnow)

1. That the report 'Northland Inc Limited: Statement of Intent 2022-25' by Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist and dated 15 July 2022, be received.
2. That the Joint Regional Economic Development Committee agree to Northland Inc Limited's Statement of Intent 2022-2025 as set out in **Attachment One** pertaining to item 6.1 of the 29 July 2022 Joint Committee agenda.
3. That the Joint Regional Economic Development Committee authorise its Chair to write to Northland Inc reminding them of their financial obligations under the underwrite agreement for the Ngawha Innovation and Enterprise Hub and its expectation that the Hub will be cost neutral.

Carried

Secretarial note: That a letter be prepared by staff and sent by the Chair to Northland Inc on their final Statement of Intent 2022-2025.

Whakamutunga (Conclusion)

The meeting concluded at 11.10am.

TITLE: **Receipt of Action Sheet**

From: Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 16 September 2022

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 - 23 September 2022  

Joint Regional Economic Development Committee - schedule of actions

Meeting date	Item	JREDC Action	Responsible staff	Status	Notes
30-Jul-21	Investment and Growth Reserve: Funding available for 2021/22	Future workshop discussion on how funding can be increased, including investigation to what other regions are doing in this space, i.e. loans, collaboration with banks, bonds etc.	Darryl Jones, Emmanouela Galanou	Completed	Item discussed at the JREDC workshop on 11 March. Further discussion will take place at July workshop.
30-Sep-21	Investment and Growth Reserve: Allocation of funding for Regional Economic Development Strategy	Prepare an information paper on the progress of the Economic Development Strategy to share with all council elected members twice a year.	Northland Inc	In progress	Following the March meeting, the committee would like to receive an information paper so to circulate with their councils.
29-Apr-22	Local elections	Schedule time to plan for handover pack to new JREDC members. Alternatively email JREDC members to receive their input on the induction.	Darryl, Emmanouela, Justin	Completed	Email was circulated in September seeking comments from the JREDC to prepare handover notes for the new committee.
29-Jul-22	JREDC Meeting venue	September JREDC meeting to take place in Kaipara.	Darryl, Emmanouela, Justin	Completed	This meeting.
29-Jul-22	Economic Development Strategy	Update on the Steering Group's activity to be given to the JREDC at their September meeting.	Jude, Piripi	Completed	Item added to the JREDC Quarterly Workshop time.
29-Jul-22	Northland Inc's SOI 2022-2025	Letter be prepared and provided to Northland Inc on their SOI	Darryl, Emmanouela, Justin	Completed	Letter delivered on 26 August.
29-Jul-22	IGR: Update on the reserve	Long-term exercise on IGR projects evaluation.	Darryl, Emmanouela, Justin	In progress	To be prepared during year 2022/23.

TITLE: Northland Inc Limited: Annual Report for the Year Ending 30 June 2022

From: Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 16 September 2022

Whakarāpopototanga / Executive summary

Northland Inc Limited's (Northland Inc) 2022 Annual Report conforms to the requirements of the Local Government Act 2002 (LGA). Northland Inc reported a surplus after tax of \$14,606 in the 2021/22 financial year compared to a budget surplus of \$615 (2020/21: \$10,588 surplus compared to a budget surplus of \$961), producing a closing equity position as at 30 June 2022 of \$176,137 (\$161,491 as at 30 June 2021). In addition, 13 of the 16 performance measures set out in Northland Inc's Statement of Intent 2021-2024 have been achieved.

Representatives from Northland Inc will attend the Joint Committee meeting to comment on the report and answer any questions.

Ngā mahi tūtohutia / Recommendation

That the report 'Northland Inc Limited: Annual Report for the Year Ending 30 June 2022' by Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist and dated 12 September 2022, be received.

Background/Tuhinga

As required under section 67 of the LGA, Northland Inc has delivered to its shareholders, within three months after the end of the financial year, their annual report for the year ended June 2022 (**Attachment 1**). This is the first annual period since Northland Inc became a jointly owned council-controlled organisation (CCO) on 1 July 2021. Under the LGA, the responsibility of shareholders is simply to receive the report, which it is doing by way of this report. Each council must publish the annual report on its website within one month of receiving it.

Staff have reviewed the annual report and confirm that the requirements of the LGA in relation to the content (i.e. sections 68 and 69) have been met, e.g. performance reporting against the Statement of Intent (SOI), audited consolidated financial statements, and an independent auditor's report.

In terms of reporting against the key performance indicators (KPIs) set out in Northland Inc's SOI 2021/2022, the results are set out on pp. 3-4 of the annual report. Northland Inc achieved 13 of the 16 targets. The three KPIs not met fall under the Regional Investment Pou and were the following:

- (a) number of inward delegations hosted
- (b) value of grant funding and investment facilitated for Māori businesses
- (c) number of high impact projects implemented.

The impact of Covid-19 was the main reason for not achieving the three targets. Apart from the Covid-19-related delays, the change in focus of Kānoa affected the outcome of the number of high impact projects that Northland Inc were able to implement. Finally, the value of grant funding and investment facilitated for Māori businesses was achieved by 96%, thus nearly achieved.

Northland Inc reported a surplus after tax of \$14,606 in the 2021/22 financial year compared to a budget surplus of \$615 (2020/21: \$10,588 surplus compared to a budget surplus of \$961), producing a closing equity position as at 30 June 2022 of \$176,137 (\$161,491 as at 30 June 2021).

The audit report prepared by Deloitte gave an unqualified opinion that the financial statements and KPI reporting presents fairly the performance of the company and complies with legislative and standard account practices.

At the time of writing this paper, a decision had not yet been made from the board of Northland Inc on holding an annual meeting of shareholders. However, Northland Inc staff have indicated that they recommendation to the board will be not to hold an annual meeting as there is nothing to be done at that meeting. Under clause 5.3 of the Constitution of Northland Inc, the board can resolve not to hold an annual meeting of shareholders if there is nothing required to be done.

In addition to the audited annual report, a report including details on highlights / success stories of projects and activities carried out or underway for the year 2021/22 will be provided by Northland Inc in due course.

Attachments/Ngā tapirihanga

Attachment 1: Northland Inc Limited's Annual Report for the Year Ended 30 June 2022 [!\[\]\(10f8862fc183b400327470ea85afe9ae_img.jpg\) !\[\]\(4ba8d838a2aa5445d51c9dee78fcb0cc_img.jpg\)](#)

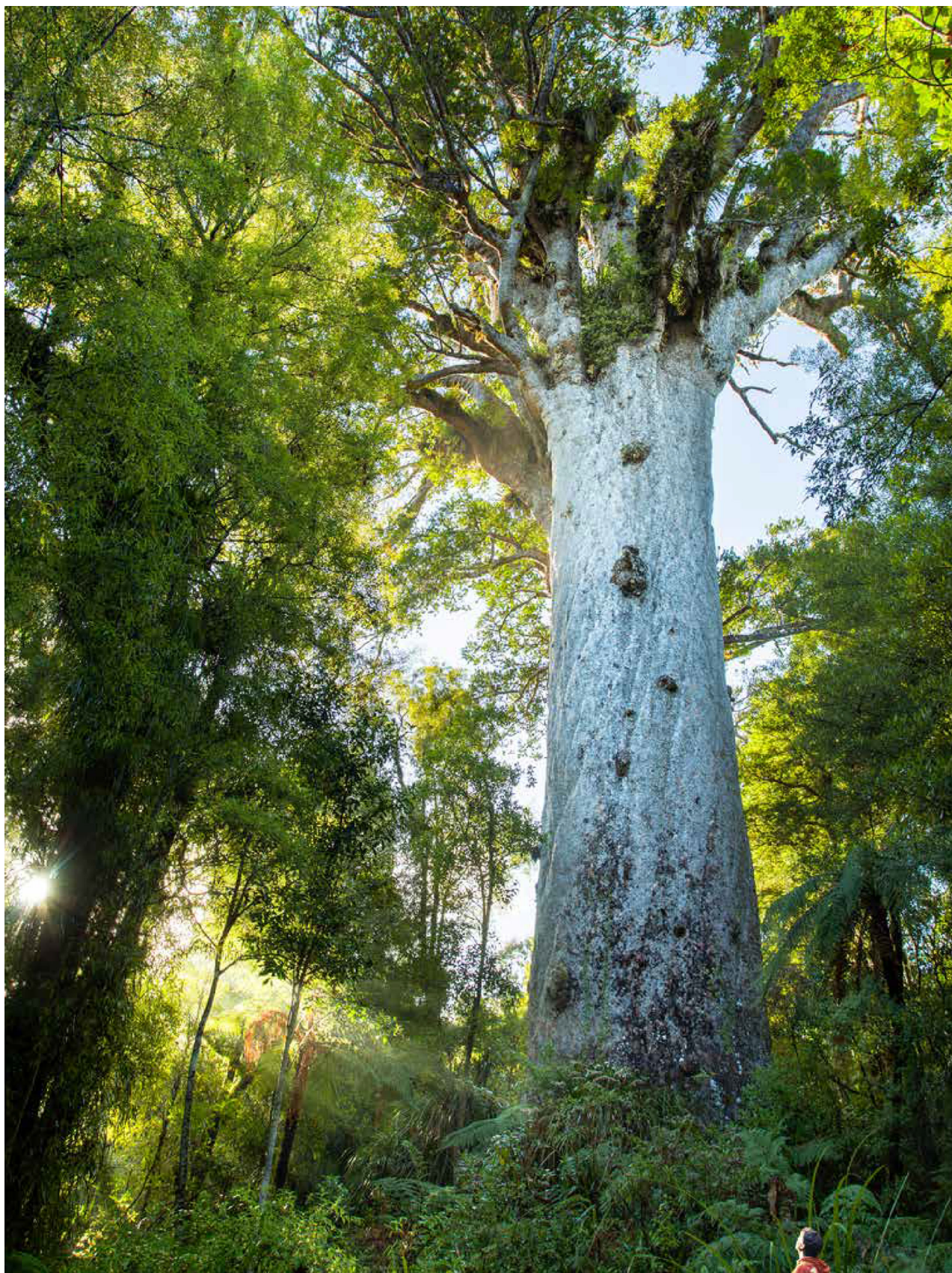
The cover features a large blue triangle on the left side, with a dark grey diagonal line separating it from a white triangular area on the right. The text is positioned within the white area.

Annual Report

A small blue triangle pointing to the right, serving as a bullet point.

Statement of Service Performance and Financial Statements

For the Year Ended 30 June 2022



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Entity Information

As at 30 June 2022

LEGAL NAME OF ENTITY

Northland Inc Limited

TYPE OF ENTITY AND LEGAL BASIS

Northland Inc Limited is a company registered under the Companies Act 1993. The company is controlled by The Joint Regional Economic Development Committee and is a council-controlled organisation as defined by Section 6 of the Local Government Act 2002.

REGISTRATION NUMBER

857377

COMPANY'S PURPOSE

The Company's principal activity during the year was the development of the economy in Northland and review of funding opportunities for the Investment and Growth Reserve.

STRUCTURE OF COMPANY'S OPERATIONS

The Company comprises a Board of six Directors who oversee the governance of the Company, a Chief Executive Officer who is responsible for the day to day operations of the Company and reporting to the Directors. The Directors are appointed by the Joint Regional Economic Development Committee.

MAIN SOURCES OF THE COMPANY'S CASH AND RESOURCES

Operating grants are received from the The Joint Regional Economic Development Committee and this is the primary source of funding to the Company.

DIRECTORS

Nicole Anderson
James Makeweo
Geoff Copstick
Liz Oliver
Denis Callesen
Kristan MacDonald

ACCOUNTANTS

Findex Limited
Level 1, Findex House,
57 Willis Street
Wellington 6011

SHAREHOLDERS

Northland Regional Council – 40
Kaipara District Council – 40
Far North District Council – 40
Total Ordinary Shares – 120

These financial statements should be read in conjunction with the notes to the financial statements.

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Statement of Service Performance

2021/2022 KPI Results as at 30 June 2022:

Māori Economic Development

Measured by:	2021/22 Target	2021/22 Actual 30 June	% of target
Number of engagements or established relationships with iwi/hapū groups and other Māori organisations, e.g. marae, land trusts, etc. that have led to a positive outcome. - Achieved	10	12	120%
Proportion of Māori organisations that are satisfied with Northland Inc support. Achieved	>50%	78%	

Environmental Sustainability

Measured by:	2021/22 Target	2021/22 Actual 30 June	% of target
Number of workshops / events that help promote or support environmental sustainability values and culture in Te Tai Tokerau - Achieved	4	4	100%
Proportion of businesses / projects that Northland Inc are supporting that have identified their environmental aspirations and complied with governmental regulations - Achieved	80%	91%	114%
Change in carbon footprint of Northland Inc - Achieved	Initial carbon footprint audit completed	Baseline of 55260 kgCO2/year established	

The Carbon Emission figure is at best indicative and was prepared internally within Northland Inc using the third-party Carbon Neutral Trust Calculator to achieve consistency with NRC. The results for each emission category are heavily based on assumptions but with better data and collection processes, Northland Inc can reach better quality reporting and a more accurate carbon position, and will continue to improve the calculation methodology over time.

Regional Investment

Measured by:	2021/22 Target	2020/21 Actual 30 June	% of target
Number of unique businesses assisted (by TA and industry) - Achieved	230	545	236%
Proportion of those businesses assisted that are Māori (by TA and industry) - Achieved	20%	22%	
Number of inward delegations hosted - Not Achieved	3	1	
Impacted due to covid			
Client satisfaction (as measured by Net Promoter Score) - Achieved	NPS>50	NPS = 100	
Value of grant funding and investment facilitated for Māori businesses - Not Achieved	\$110K	\$106K	96%
Almost Achieved			
Number of high impact projects that are implemented (reporting by regional strategic sectors) - Not Achieved	4	2	50%
Impacted due to covid delays and change in focus from KANOA			

Destination Marketing Management			
Measured by:	2021/22 Target	2021/22 Actual 30 June	% of target
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)- Achieved	1 Campaign per year	4	400%
Target exceeded - 79 Individual operators spotlighted at least once through campaign activity.			
Number of workshops / events to promote product development and position Te Tai Tokerau Northland as a green tourism destination - Achieved	Establish Baseline	Baseline of 3 established	

Profile and Advocacy of Economic Development			
Measured by:	2021/22 Target	2021/22 Actual 30 June	% of target
Number of regional economic development updates or reports released - Achieved	4	4	100%
Number of media features that profile the region - Achieved	12	20	166%
Number of media activity that references Northland Inc - Achieved	24	77	320%





INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF NORTHLAND INC LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Northland Inc Limited (the company). The Auditor-General has appointed me, Peter Gulliver, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 8 to 19, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expense, statement of changes in net assets and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 3 and 4.

In our opinion:

- the financial statements of the company on pages 8 to 19.
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (PBE IPSAS RDR); and
- the performance information of the company on pages 3 and 4 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2022.

Our audit was completed on 2 September 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Company has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to the performance measure reporting the initial carbon footprint on page 3 of the annual report, which outlines the uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards



Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

A handwritten signature in black ink, appearing to be "PG" with a stylized flourish.

Peter Gulliver
for Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
02 September 2022

Financial Statements

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2022

	Notes	2022 Actual \$	2022 Budget \$	2021 Actual \$
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Grants revenue		1,741,744	1,741,744	1,470,266
Grant funded project revenue		3,966,283	3,246,816	3,272,103
Total revenue from non-exchange transactions	6	5,708,027	4,988,560	4,742,369
REVENUE FROM EXCHANGE TRANSACTIONS				
Tenant income		179,796	164,420	225,942
Total revenue from exchange transactions		179,796	164,420	225,942
TOTAL REVENUE		5,887,822	5,152,980	4,968,311
EXPENSES				
Wages, salaries and other employee costs		2,283,013	2,250,734	2,203,363
Depreciation		57,835	56,000	56,195
Other overhead and administrative expenses	7	3,536,690	2,845,632	2,697,778
TOTAL EXPENSES		5,877,538	5,152,365	4,957,336
Interest income		4,391		355
Finance costs		-	-	-
NET SURPLUS/(DEFICIT) FROM FINANCE ACTIVITIES		4,391	-	355
OPERATING SURPLUS/(DEFICIT)		14,676	615	11,330
OTHER GAINS/(LOSSES)				
Gain/(loss) on disposal of assets		(71)	-	(742)
TOTAL OTHER GAINS/(LOSSES)		(71)	-	(742)
SURPLUS/ (DEFICIT) BEFORE TAX		14,606	615	10,588
Income tax expense	8	-	-	-
SURPLUS/ (DEFICIT) AFTER TAX		14,606	615	10,588
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		14,606	615	10,588

These financial statements have been authorised for issue by the Board of Directors on 2nd September 2022



Geoff Copstick
Chair Audit and Risk Committee



Nicole Anderson
Chair

These financial statements should be read in conjunction with the notes to the financial statements

Statement of Financial Position

As at 30 June 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current			
Cash and cash equivalents		2,222,596	2,714,583
Receivables	9	981,431	750,784
Total current assets		3,204,028	3,465,367
Non-current			
Property, plant and equipment	10	189,797	237,864
Total non-current assets		189,797	237,864
TOTAL ASSETS		3,393,824	3,703,231
LIABILITIES			
Current			
Payables	11	500,131	559,218
Employee entitlements	12	97,062	72,387
Deferred revenue		2,620,493	2,910,135
Total current liabilities		3,217,687	3,541,740
TOTAL LIABILITIES		3,217,687	3,541,740
NET ASSETS		176,137	161,491
EQUITY			
Start-up contributions		140	100
Accumulated funds		175,997	161,391
TOTAL EQUITY		176,137	161,491

These financial statements should be read in conjunction with the notes to the financial statements.

Financial Statements

Statement of Changes in Net Assets

For the year ended 30 June 2022

	Share Capital	Accumulated Funds	Total equity
Balance 1 July 2021	100	161,391	161,491
Shares Issued	40		40
Surplus/(deficit) for the year	-	14,606	14,606
Total comprehensive revenue and expenses	-	14,606	14,606
Balance 30 June 2022	140	175,997	176,137
Balance 1 July 2020	100	150,803	150,903
Surplus/(deficit) for the year	-	10,588	10,588
Total comprehensive revenue and expenses	-	10,588	10,588
Balance 30 June 2021	100	161,391	161,491

Statement of Cash Flows

For the year ended 30 June 2022

	2022	2021
	\$	\$
Cash flow from operating activities		
Cash was provided from/(applied to):		
Joint Regional Economic Development Committee Operating Grants	1,636,744	-
Northland Regional Council Funding	-	1,820,043
Whangarei District Council Operating Grants	105,000	105,000
Receipts from services provided	3,722,613	4,618,602
Receipts from exchange transactions	179,796	225,942
Net movement in GST	(50,309)	139,276
Payments to suppliers	(3,726,962)	(2,576,316)
Payments to employees	(2,353,422)	(2,280,087)
Net cash from/(used in) operating activities	(486,541)	2,052,460
Cash flow from investing activities		
Cash was provided from/(applied to):		
Proceeds from sale of plant and equipment	1,170	4,783
Purchase of plant and equipment	(11,007)	(119,737)
Net cash from/(used in) investing activities	(9,837)	(114,954)
Cash flow from financing activities		
Cash was provided from/(applied to):		
Net Proceed/(Repayment) of borrowings		
Interest received	4,391	355
Interest paid on borrowings	-	(2)
Net cash from/(used in) financing activities	4,391	353
Net (decrease)/increase in cash and cash equivalents	(491,987)	1,937,859
Cash and cash equivalents, beginning of the year	2,714,583	776,724
Cash and cash equivalents at end of the year	2,222,596	2,714,583

These financial statements should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2022

1. Reporting entity

These financial statements comprise the financial statements of Northland Inc Limited (the "Company" or "Entity") for the year ended 30 June 2022.

The financial statements were authorised for issue by the Board of Directors on 2 September 2022.

2. Basis of preparation

(a) Statement of compliance

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 IPSAS with RDR) and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

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.

(b) Basis of measurement

The financial statements have been prepared on a historical costs basis.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

The financial statements are presented in New Zealand dollars which is the functional currency of Northland Inc Limited.

All numbers are rounded to the nearest dollar (\$), except when otherwise stated.

(d) Changes in accounting policies

There have been no changes to the accounting policy during the year.

(e) Explanations for major variances from budget

Grant funded project revenue was above that planned due to an increase in revenue from such as the Provincial Growth Fund and MBIE.

Actual expenses were higher than budgeted expenses due to greater spending for specific projects such as Provincial Growth Fund, Kaipara Kai and STAPP. This is in line with the increase in revenue.

3. Summary of significant accounting policies

The accounting policies of the entity have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less.

(b) Debtors and other receivables

Trade debtors and other receivables are measured at their cost less any impairment losses.

(c) Creditors and other payables

Trade creditors and other payables are stated at cost.

(d) Property, plant and equipment

Items of plant and equipment are initially measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions and subsequent costs

Subsequent costs and the cost of replacing part of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

In most instances, an item of plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

Disposals

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

When an item of plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Depreciation

Depreciation is recognised as an expense in the reported surplus or deficit and measured on diminishing value (DV) basis on all plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied for each class of plant and equipment:

Vehicles

26 - 30% DV

Office Furniture & Equipment

5 - 67% DV

The residual value, useful life, and depreciation methods of property, plant and equipment is reassessed annually.

These financial statements should be read in conjunction with the notes to the financial statements.

(e) Leased assets

Leases where the Entity assumes substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

(f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments comprise of trade debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, and other financial liabilities.

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the entity transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets held by the entity in the years reported have been designated into one classification, "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Subsequent measurement of financial liabilities

Trade payables and other borrowings are subsequently measured at amortised cost.

(g) Employee entitlements

Short-term employee benefits

Employee benefits, previously earned from past services, that the entity expect to be settled within 12 months of reporting date are measured based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

(h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The entity assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the entity's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expense.

The following specific recognition criteria must be met before revenue is recognised:

Revenue from non-exchange transactions

A non-exchange transaction is where the entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

When non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised.

When non-exchange revenue is received with restrictions attached, but no requirement to return the asset if not deployed as specified, then revenue is recognised on receipt.

Condition stipulation – funds received are required to be used for a specific purpose, with a requirement to return unused funds.

Restriction stipulation – funds received are required to be used for a specific purpose, with no requirement to return unused funds.

Revenue from exchange transactions

An exchange transaction is where the entity either receives value from another entity and directly gives approximately equal value in exchange, or gives value to another entity and directly receives approximately equal value in exchange.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

(i) Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Financial Statements

(j) Income tax

As agreed with Inland Revenue from 2014 financial year, operational grants received address only the operating deficit such that deductible expenses equate to taxable income. The result being that taxable income is nil.

(k) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

4. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with NZ IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities,

income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgements in applying the accounting policies of the entity that have a significant effect on the financial statements:

Deferred Revenue

One area of estimation is the calculation of deferred revenue at each balance date as this involves an assessment of the amount of work completed for each project in relation to the milestones to be achieved to determine the amount of revenue and associated deferred revenue to record.

5. Capital Management Policy

The entity's capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objectives of the entity's capital management policy is to ensure adequate capital reserves are maintained in order to support its activities. The entity manages its capital structure and makes adjustment to it, in light of changes to funding requirements.



Financial Statements

6. Revenue from non-exchange transactions

	2022	2021
	\$	\$
Joint Regional Economic Development Committee Funding	1,636,774	
Northland Regional Council operational grant funding		1,365,266
Whangarei District Council Operating Grant Funding	105,000	105,000
Grant Funded Project Income	3,966,283	3,272,103
Total non-exchange revenue	5,708,027	4,742,369

7. Expenses

The following amounts were expensed in the surplus/(deficit) for the year:

	2022	2021
	\$	\$
Audit fees	37,738	42,073
Directors' Fees	117,000	117,000
Motor vehicle expenses	68,438	47,965
Operating lease payments	175,680	114,982
Other direct project expenses	2,634,840	1,836,806
Other indirect expenses	316,201	378,322
Project consultants	32,471	67,000
Regional promotions	154,323	93,630
Total	3,536,650	2,697,778

8. Income Tax

	2022	2021
	\$	\$
Revenue as per financial statements	5,887,822	4,968,311
Loss on sale of assets	(71)	(742)
Total Revenue	5,887,852	4,967,569
Permanent Differences:		
Less:		
Grants from Local authorities exempt income (sec CX47 of the Income Tax Act)	(1,741,774)	(1,470,266)
Other revenue from grant funded operations	(3,966,283)	(3,272,103)
Total Permanent Differences	(5,708,027)	(4,742,369)
Less:		
Deductible expenses	(179,796)	(225,942)
Total Taxable Profit	-	-

9. Receivables

	2022	2021
	\$	\$
Trade debtors (non-exchange)	843,861	633,911
Trade debtors (exchange)	5,617	13,470
Related party receivables	115,000	
Prepayments	10,702	86,006
Prepayments employee entitlements	6,251	17,397
Total	981,431	750,784

Receivables are non-interest bearing and receipt is normally on 30 days terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value. As at 30 June 2021 and 2022, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

Financial Statements

10. Property, plant and equipment

Movements for each class of plant and equipment are as follows:

2022	Vehicles	Office Furniture and Equipment	Total
Gross carrying amount			
Cost	274,621	242,175	516,796
Additions		11,008	11,008
Disposals		(3,252)	(3,252)
Closing balance	274,621	249,931	524,552
Accumulated depreciation and impairment			
Opening balance	155,539	123,383	278,922
Depreciation for the year	35,726	22,109	57,835
Depreciation written back on disposal		(2,002)	(2,002)
Closing balance	191,265	143,491	334,756
Carrying amount 30 June 2021	83,356	106,441	189,797

Movements for each class of plant and equipment are as follows:

2021	Vehicles	Office Furniture and Equipment	Total
Gross carrying amount			
Cost	187,965	235,976	423,940
Additions	111,656	8,080	119,736
Disposals	(25,000)	(1,881)	(26,880)
Closing balance	274,621	242,175	516,796
Accumulated depreciation and impairment			
Opening balance	147,866	96,223	244,089
Depreciation for the year	28,968	27,227	56,195
Depreciation written back on disposal	(21,295)	(67)	(21,362)
Closing balance	155,539	123,383	278,922
Carrying amount 30 June 2021	119,082	118,792	237,874

These financial statements should be read in conjunction with the notes to the financial statements.

Financial Statements

11. Payables

	2022	2021
	\$	\$
Current		
Trade creditors	324,405	378,044
Non trade payables and accrued expenses	102,719	57,857
GST payable/receivable	73,007	123,317
Total payables	500,131	559,218

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

12. Employee entitlements

	2022	2021
	\$	\$
Current		
Provision for Holiday Pay	97,062	72,387
Total	97,062	72,387

Short-term employee entitlements represent the entity's obligation to its current and former employees that are expected to be settled within 12 months of balance date. These mainly consist of accrued holiday entitlements at the reporting date.

13. Operating leases

Operating leases are held for premises used for office space and office equipment.

	2022	2021
	\$	\$
<i>Non-cancellable operating leases are payable as follows:</i>		
Less than one year	165,921	150,359
Between one and five years	179,677	313,462
Total	345,598	463,821

These financial statements should be read in conjunction with the notes to the financial statements.

Financial Statements

14. Financial instruments

(a) Carrying value of financial instruments

The carrying amount of all material financial assets and liabilities are considered to be equivalent to fair value. Fair value is the amount for which an item could be exchanged, or a liability could be settled, between knowledgeable and willing parties in an arm's length transaction.

(b) Classification of financial instruments

All financial assets held by the entity that are classified as "loans and receivables" are carried at cost less accumulated impairment losses.

All financial liabilities held by the Company are carried at amortised cost.

2022	Loans and receivables	Financial liabilities at amortised cost	Total
Financial assets			
Cash and cash equivalents	2,222,596	-	2,222,596
Trade debtors and other receivables	964,479	-	964,479
Other financial assets		-	
Total	3,187,075	-	3,187,075

Financial liabilities

Trade creditors and other payables		500,131	500,131
Loans and borrowings	-	-	-
Other financial liabilities	-	-	-
Total	-	500,131	500,131

2021	Loans and receivables	Financial liabilities at amortised cost	Total
Financial assets			
Cash and cash equivalents	2,714,583	-	2,714,583
Trade debtors and other receivables	647,380	-	647,380
Other financial assets		-	
Total	3,361,963	-	3,361,963

Financial liabilities

Trade creditors and other payables		559,218	559,218
Loans and borrowings	-	-	-
Other financial liabilities	-	-	-
Total	-	559,218	559,218

These financial statements should be read in conjunction with the notes to the financial statements.

15. Commitments

The entity has no capital commitments at the end of the reporting period.

16. Events after the reporting period

Ngāwhā Innovation and Enterprise Park

In the financial year, Northland Inc entered into a 5 year lease with the owners of Far North Holdings Limited, a commercial trading and asset management entity operated as a Council Controlled Organisation of Far North District Council at Ngāwhā Innovation and Enterprise Park. The lease will commence once the building is constructed and open which is anticipated to be in the 2023 financial year. Northland Regional Council has underwritten this lease agreement. The annual rent amount of this lease is \$216,000.

17. Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the entity.

The entity has a related party relationship with its shareholders Northland Regional Council, Kaipara District Council, Far North District Council, its Directors and other key management personnel.

Transactions with related parties

The following transactions were carried out with related parties:

(a) Key management compensation

Key personnel include the Board of Directors and Senior Management.

Key management personnel compensation includes the following expenses	2022 \$	2021 \$
Salaries and other short-term benefits	684,789	718,533
Director's fees	117,000	117,000
Total remuneration	801,789	835,533
Number of persons recognised as key management personnel	11	11

(b) Northland Regional Council

On 1 July 2022, Far North District Council and Kaipara District Council become joint shareholders with Northland Regional Council (referred to collectively as the Joint Regional Economic Development Committee) in Northland Inc Limited. As Far North District Council and Kaipara District Council were not related parties in the prior year, no comparative transactions have been disclosed below.

During the year Northland Inc Limited received grant funding from Northland Regional Council, Kaipara District Council and, the Far North District Council. This is included in revenue and income in advance. Northland Regional Council acts as treasury for the Joint Regional Economic Development Committee receiving agreed contributions from the Far North District Council and Kaipara District Council and paying these out to Northland Inc Limited in the form of operational grants/funding.

	2022 \$	2021 \$
Grant & funding income received		
Northland Regional Council	1,929,343	1,795,266
Kaipara District Council	-	-
Far North District Council	-	-
Total grant & funding income received	1,929,343	1,795,266

	2022 \$	2021 \$
Other services income received		
Northland Regional Council	24,985	24,777
Kaipara District Council	134,905	-
Far North District Council	18,700	-
Total other services income received	178,590	24,777

As at 30 June 2022, the following related party balances were outstanding:

	2022 \$	2021 \$
Related party receivables		
Northland Regional Council	63,250	-
Kaipara District Council	51,750	-
Far North District Council	-	-
Total related party receivables	115,000	-

NorthlandInc

Growing Northland's Economy

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TITLE: Investment and Growth Reserve: Allocation of funding to Northland Inc for primary sector related activities

From: Darryl Jones, Economist and Emmanouela Galanou, Economic Policy Advisor

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 16 September 2022

Executive summary/Whakarāpopototanga

The purpose of this paper is to seek agreement from the Joint Regional Economic Development Committee (JREDC) to allocate \$60,000 (plus GST) from the Enabling Investment category of the Investment and Growth Reserve (IGR) to Northland Inc Limited (Northland Inc) to allow the continuation of service delivery to the primary sector and the development of a programme business case for GROW Northland. The board paper outlines the proposal including details of the GROW Northland concept (**Attachment 1**). The Northland Inc board approved this request at its meeting on 2 September 2022 (**Attachment 2**).

Staff have assessed the request and conclude that while funding is available, the allocation is inconsistent with the current criteria and procedures for the allocation of Enabling Investment funding from the IGR as agreed to by Northland Regional Council (NRC) on 22 June 2021 (**Attachment 3**). This is because the request for allocation is being made without being accompanied by a robust business case (clause 13 of the criteria). However, Section 80(1) of the Local Government Act 2002 provides for the JREDC to make an inconsistent decision under specific conditions, and these conditions have been met within the content of this agenda item.

Staff recommend that council supports this allocation of funding to Northland Inc. However, staff also recommend that it be made specific that this allocation of funding does not indicate any commitment to the future funding of the GROW Northland programme. This will require a future funding decision and be dependent upon the findings of the programme business case. Furthermore, in developing the GROW Northland programme, it is recommended that Northland Inc actively seek input from Northland Regional Council land management staff to ensure that the GROW Northland programme considers the learnings of Extension 350 and does not duplicate other actions being taken to provide support and advice to the primary sector. In accordance with the IGR criteria, quarterly report is also recommended.

Representatives from Northland Inc will be in attendance to answer any questions regarding this request.

Recommendation(s)

1. That the report 'Investment and Growth Reserve: Allocation of funding to Northland Inc for primary sector related activities' by Darryl Jones, Economist and Emmanouela Galanou, Economic Policy Advisor and dated 13 September 2022, be received.
2. That \$60,000 (excluding GST) be allocated as Enabling Investment funding from the Investment and Growth Reserve to Northland Inc Limited to support the continuation of service delivery into the primary sector and the further development of the GROW Northland work programme.
3. That in making this allocation of funding to Northland Inc, the Joint Committee:
 - a. Notes that this support does not constitute a long-term commitment to the funding of the GROW Northland programme. That will be dependent of the development of a suitable programme business case.

- b. Requests that Northland Inc seek input from Northland Regional Council land management staff on the development and design of the GROW Northland programme.
4. That Northland Inc provide quarter reports for the periods ending 30 December 2022, 31 March 2023 and 30 June 2023 detailing the work achieved across the three actions:
 - a. providing support and connection services to the primary sector
 - b. deliver a programme business case for GROW Northland
 - c. engage with key stakeholder and potential funders.

Options

No.	Option	Advantages	Disadvantages
1	Allocate \$60,000 in funding	Provides support for the preparation of a programme business case for GROW Northland.	Uses all the funding currently available in the Enabling Investment category for two years.
2	Allocate a lesser amount of funding	Provides some support for the preparation of a GROWN Northland programme business case. Limits the reduction in funding available for future Enabling Investment projects	Preparation of programme business case for GROW Northland will be significantly impaired.
3	Not allocate funding	Maintains funding in the IGR to allocate to future Enabling Investment projects.	Preparation of a GROW Northland programme will not occur.

The staff's recommended option is Option1, to allocate \$60,000 (plus GST).

Considerations

1. Climate Impact

[*Staff guidance for change considerations.docx*](#) The specific work being funded by this allocation will have a limited impact on corporate greenhouse gas emissions. Any emissions generated by this work will be included within Northland Inc's greenhouse emissions calculation. In its Statement of Intent 2022-2025, Northland Inc have a target to reduce their net emissions in 2022/23 by 5%. In 2021/22, Northland Inc estimated an annual baseline carbon footprint of 55,260 kgCO₂.

One of the purposes of the funding is to enable Northland Inc to deliver a programme business case for GROW Northland. A major issue that will be covered by this programme is to consider how to assist farmers respond to the growing pressures of climate change.

2. Environmental Impact

The specific work being funded by this allocation does not have any environmental risks or impacts. One of the purposes of the funding is to enable Northland Inc to deliver a programme business case for GROW Northland. A major issue that will be covered by this programme is to consider how to assist farmers respond to increasing environmental requirements and reduce the impacts of current farming systems. Staff recommend that Northland Inc work closely with Northland Regional Council (NRC) land management on this matter to ensure the programme adequately addresses the environmental challenges and opportunities facing the agricultural sector and ensure there is no overlap of service delivery.

3. Community views

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

4. Māori impact statement

There are no known particular impacts on Māori which are different from other members of the public that need to be considered in relation to this decision. However, in developing the programme business case for GROW Northland, it will be important consult with Māori to ensure the proposed programme adequately addresses the Māori primary sector participants.

5. Financial implications

Table 1 sets out the forecast cash flow balance of the IGR based on current funding commitments, detailing income and withdrawals including operational funding of Northland Inc. Based on current forecasts, there is enough money in the IGR to allocate \$60,000 in 2022/23. However, this will use up all the funding currently available in the Enabling Investment category of the IGR.

Table 1. Forecast cashflow balances of the IGR, 2022/23 to 2026/27

based on current funding commitments
\$000

Investment and Growth Reserve	2021/22		Based on LTP commitments and Northland Inc SOI 2022-25				
	Budget	Actual	2022/23	2023/24	2024/25	2025/26	2026/27
Opening Balance	\$533	\$533	\$80	\$20	\$20	\$20	\$20
Deposits							
Northland Regional Council	\$1,864	\$1,864	\$1,894	\$1,937	\$1,984	\$2,033	\$2,084
Far North District Council	\$82	\$82	\$169	\$246	\$335	\$416	\$500
Kaipara District Council	\$29	\$29	\$61	\$89	\$121	\$149	\$180
Total local government contribution	\$1,975	\$1,975	\$2,124	\$2,272	\$2,440	\$2,598	\$2,764
Other revenue ¹	\$11	-\$3	\$0	\$0	\$0	\$0	\$0
Total deposits	\$1,986	\$1,972	\$2,123	\$2,272	\$2,440	\$2,598	\$2,764
Withdrawals							
Northland Inc operational expenditure funding	\$1,637	\$1,637	\$1,824	\$1,972	\$2,140	\$2,193	\$2,248
Project Development ²	\$300	\$175	\$300	\$300	\$300	\$300	\$300
Enabling Investment (EI)							
Committed EI funding	\$533	\$533	\$0	\$0	\$0	\$0	\$0
Potential funding available for EI allocation ³	\$30	\$80	\$60	\$0	\$0	\$105	\$210
Total withdrawals	\$2,499	\$2,424	\$2,184	\$2,272	\$2,440	\$2,598	\$2,758
Closing Balance	\$19	\$80	\$20	\$20	\$20	\$20	\$26

Notes

1. Other revenue includes interest earned on the IGR.
2. The IGR criteria provides for up to \$300,000 per annum to be provided for Project Development category. If funding is not used for Project Development, then it remains in the IGR and is available for allocation in future years.
3. This figure represents a quantum that could be spent. If it is not spent, then it stays in the IGR and increases the funding available for later years.

6. Implementation issues

The project will be implemented by Northland Inc. Northland Inc have been involved in managing the Extension 350 programme, the Kaipara Kai project, the peanut trials, etc.

7. Significance and engagement

In relation to section 79 of the Local Government Act 2002, this decision is of low significance when assessed against significance and engagement policy of Northland Regional Council (NRC) as the allocation of funding from the IGR has been specifically considered and provided for in NRC's Long Term Plan.

8. Policy, risk management and legislative compliance

The criteria and procedures for the allocation of funding from the IGR (IGR criteria) provides for three categories of funding allocation: Northland Inc operational funding, Project Development funding and Enabling Investment funding. Northland Inc are requesting that \$60,000 be provided as Enabling Investment funding. Staff have reviewed the proposal against the procedures and criteria for the Enabling Investment category and determined that while most of the criteria have been met, the funding proposal is not accompanied by a robust business case (Table 2).

Table 2. Assessment of investment proposal against the IGR criteria for Enabling Investment

IGR clause	RPR criteria or procedure	Comment
10a	Be located in Northland or substantially located in Northland	The project is located in Northland.
10b	Align with the Joint Regional Economic Development Committee's priorities for economic development (as set from time to time), including: <ul style="list-style-type: none"> 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 	The project is focused on the primary sector. Agriculture and horticulture are identified as one of five strategic sectors within Northland Inc's SOI 2022-2025.
10c	Provide viable, long-term economic development (i.e. beyond immediate short-term employment and business activity) by meeting one or more of the following: <ul style="list-style-type: none"> 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. 	The project will support the primary sector of Northland. While the primary sector is a significant exporter and employer in the region, the added value of this project has not been estimated.
10d	Demonstrate that the development can be achieved in a way that supports strong communities and environmental sustainability in Northland.	A strong premise of the project is that the primary sector plays a significant role in supporting small rural communities. It also recognises the significant change that is coming on the primary sector in relation to environmental regulatory and climate-based pressures.

IGR clause	RPR criteria or procedure	Comment
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.	Funds are not being used for a project that it is unable to be allocated for under this criterion.
12a	Applications have been considered and evaluated for funding by the Northland Inc. Limited Board.	Yes, at their board meeting on 2 September 2022.
12b	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.	The \$60,000 funding allocation represents 35% of the budgeted investment of \$172,000 required for Stage One. Northland Inc believe they can leverage the remaining balance of the budget from central government, industry bodies, etc.
12c	cOn 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	Staff recommend that Northland Inc provide a quarterly report on this project.
13	A robust business case, that has been prepared at a level commensurate with the quantum of funding being requested, must be provided with the decision paper.	A robust business case has not been prepared.


Making this decision is therefore inconsistent with the criteria and procedures for the allocation of funding from the IGR. Section 80(1) of the Local Government Act 2002 provides for a local authority to make a decision that is inconsistent with policy provided when making the decision, the local authority clearly identifies: (a) the inconsistency; (b) the reasons for the inconsistency; and (c) whether there is any intention to amend the policy or plan to accommodate the decision. The paragraphs above identify the inconsistency and the reasons for the inconsistency. In terms of an intention to amend the policy, staff consider this decision to be a one-off request and therefore there is no intention to change the current IGR criteria.


Background/Tuhinga

Not applicable.

Attachments/Ngā tapirihanga

Attachment 1: Northland Inc Board Meeting 2 September 2022 Enabling Investment Funding
Application: Grow Northland [↓](#) 

Attachment 2: Unconfirmed minutes from the Northland Inc board meeting of 2 September 2022 [↓](#)


Attachment 3: Criteria and procedures for the allocation of funding from the Investment and Growth
Reserve - version 5 adopted 22 June 2021 [↓](#) 

NorthlandInc Investment

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

Subject: Enabling Investment Funding Application: Grow Northland
Report by Vaughan Cooper, GM Investment & Infrastructure
Dated: August 2022
Commercial in Confidence: No

Recommendation:

Recommend that \$60,000 of Enabling Investment funding be approved for the continuation of service delivery into the primary sector and the further development of the Grow Northland work programme within Northland Inc.

Summary

The strategic direction of this "Grow Northland" programme is to support primary producers to proactively implement adaptive management with regard to land use, as well as supporting the delivery of both current and future projects in the primary and the associated manufacturing sectors. This includes the use of land that is currently underutilised (including Māori owned land) and current farms (changing systems on farm given climate change, improved methods and productivity efficiencies, while enhancing Northland's environment).

This proposal is put up for the following reasons:

- The primary sector is significant part of our local economy and supports our small rural communities
- The primary sector is facing change at a scale and pace that is unprecedented and the response arguably needs to be transformational
- The environmental license to operate and image of the sector is under significant pressure and the sector needs assistance to move towards a more sustainable model that gives consideration to system and land use change whilst still maintaining a positive contribution to the Northland economy
- There is an identified gap for delivery of this type of service and Northland Inc is the optimal delivery agent, and has a track record already e.g. E350 programme, Kaipara Kai, Peanut Project, etc.
- This sector is a key base to build added value products and services upon, with associated employment (5,000 - 10,000 jobs over time if positive changes can be made)
- Current Northland Inc budget cannot accommodate this

This proposal is for a contribution towards a year one budget that will:

- Continue providing support and connection services to the primary sector
- Deliver a programme business case for "Grow Northland" incorporating the learnings from existing projects and looking forward on the best way to make maximum impact for the region
- Engagement with key stakeholders and potential funders

Whilst this proposal aligns with the intended use of the Enabling Investment Criteria and on that basis can be considered to meet the criteria, we understand is not strictly an 'enabling investment' in the sense of it not being a construction ready project with a full business case. However, we believe the Grow Northland concept (ref Appendix A) is an appropriate use of the Enabling Investment funds.

Project Background:

Strategic Context

Northland Inc wishes to develop Grow Northland, which would take the most successful components of a range of agricultural projects, such as Extension 350 and Kaipara Kai, and develop them into a programme that would enable Northland Inc to continue to provide support to the primary sector. This is critical for the future prosperity of Northland and its environment and communities, given that the agriculture sector is currently facing change at scale and pace, e.g. growing pressure from climate change, regulatory changes and the need to add value to our base primary produce.

The primary and associated manufacturing sector is a large contributor to Northland's economy and has been a stable earner while other industries/sectors, such as tourism, have been heavily affected by the impacts of Covid-19 and lockdowns. It accounts for over 12% of Northlands GDP which is approximately \$1.1b per annum and collectively these activities also account for almost 80% of Northland's exports value (primary sector 33% and associated manufacturing 46%). It is also one of the biggest employers in Northland with over 10% of people employed in primary sector or associated manufacturing activities. The sector activity is also more predominant in the smaller rural communities of both the Kaipara and Far North Districts where almost 30% and 15% respectively, of people are employed in primary sector and associated activities.

Independent advice notes that if Northland can create greater value from its more traditional components of its food and beverage sectors, e.g. dairy, sheep and beef, etc. and invest in emerging and growth sectors, there could be between 4,500- 10,000 new jobs created. In combination with our activities at Ngawha Innovation Park (which is part of the Grow Northland strategic direction), we are also looking at the potential to develop new horticultural based industries built on our natural advantages e.g. coffee and supporting management adaptation.

Despite this potential, productivity in this sector is low in comparison to other regions in New Zealand, along with a need to move up the value chain to create more jobs and higher returns. Part of Grow Northland will consider how to best diversify how Northland land is used/what is grown with a specific view of expanding into processing and more value-add jobs.

Sector Need for Support

The delivery of Extension 350 has been very successful. Whilst the project evaluation (by external independent consultants) has not yet been completed, the indications are that participating farmers have been left significantly better off in terms of economic performance and resilience, improved environmental outcomes on farm and their own wellbeing. Through leading the delivery of this project, Northland Inc has also grown a reputation amongst the sector and public sector funders as being a trusted delivery partner in this space.

Collectively, projects that Northland Inc have delivered and are still delivering, such as Extension 350, Kaipara Kai, peanuts trials, etc. are designed to challenge traditional thinking about land use and system operation and encourage landowners to consider how they could operate more optimally, with better environmental outcomes and create greater resilience on farm.

Recent independent assessments of some of these projects have found that landowners in Northland are interested in considering how they adapt to change, but they are unsure where to start and how to practically apply the vast amount of research on farm. In essence, they are not afraid of responding to change, they just need support to do so, in the form of clear advice and reliable, robust data that supports any new opportunity and wraps a local context around it.

These assessments also identified that land-use change is an area not currently well served by existing advisory and extension services (both public and private) because of both capacity and capability constraints and the ability of the end user to pay for such services. Government extension services models in recent years have predominantly had an environmental focus, more focused on mitigating the impacts of current farming systems, rather than the possible land-use changes or implementation of current best practice that could be made to achieve similar or better outcomes.

The Potential Impact of No Support

The impact of not supporting this sector to transition will be felt heavily across the region and its rural communities and potentially lead to less sustainable outcomes. From an economic perspective, the findings from the first year of a trial undertaken by the Northland Dairy Development Trust, which is focused on assessing Future Dairy Farm Systems for Northland showed, that if you were to switch a farms current operating model to one that is considered "low emission", i.e. reliant only on current pasture, no nitrogen application and a lower stocking rate, there was an almost 40% fall in the amount of revenue it generated, a significant drop in milk solids per hectare and a corresponding fall in profitability. If this was extrapolated out,

it would see dairy farming only contributing less than 3% to Northlands GDP (a fall of about \$140m), a significant amount of employment being lost in rural communities and the value of Northlands exports falling by about 12.5%. Which is especially significant for our smaller rural communities who are reliant on such economic activity and have no other viable employment opportunities nearby.

Enabling Investment Application

What is the Overall Project?

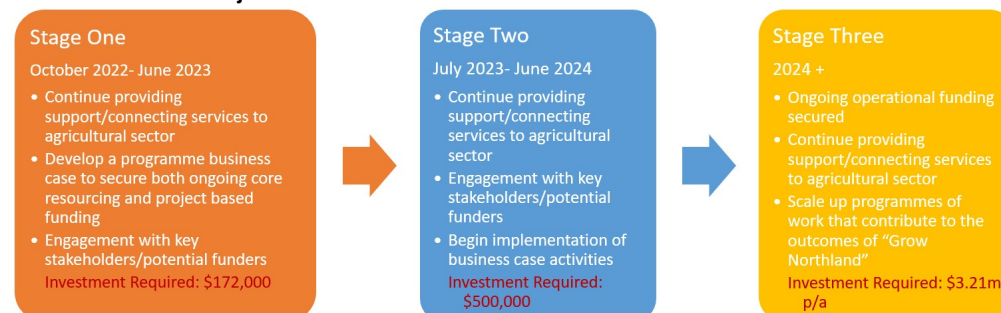


Figure 1: Grow Northland Development Plan

This funding request focuses on securing ongoing core resources to enable Northland Inc to continue to be a connector for those landowners/farmers looking for support, as well as further developing the programme business case (as shown in Figure 1) and identifying partner funding sources for Stages Two and Three. It also consists of further developing the Grow Northland Programme and engaging with those key stakeholders/potential funders.

The development of the Grow Northland Programme is the key outcome of Stage One and will be used as the foundation that will inform and potentially reshape the activities outlined in Stages Two and Three in Figure 1. The current marketplace is dynamic with a range of stakeholders delivering or proposing to deliver various activities to landowners. This case will ensure that Grow Northland caters to the needs of landowners/farmers and addresses the current gaps in delivery of existing services. That it aligns and does not duplicate existing activities, as well as more clearly identifying the activities, structure, various projects and resourcing that will be required to deliver the programme of work, as well as who the potential investors/funders could be.

We note that the ideal amount of investment we would require is \$150,000 (as outlined in Table 1), and whilst the ideal would be to seek this from one funding source such as the Investment & Growth Reserve, we acknowledge there are limited funds currently available in the Enabling Investment category and therefore the request is for \$60,000 and we will look to other funders to make up the \$90,000 difference, e.g. Central Government Agencies, Industry Bodies, etc. We believe we can leverage the funding commitment sought through this paper to achieve this.

When will it begin (and end):

Stage One of the project will begin as soon as funding is secured and will form the foundation of a series of activities that will look to continue to develop the programme of work and leverage our shareholders investment, as shown in Figure 1. The intention is that Northland Inc will look to secure long term funding for this programme of work in the next Long Term Plan. Table 1 currently demonstrates what the funding ask could be, but this will be further refined as we implement Stages One and Two.

What is the potential total investment into the project and potential I&GR investment:

As can be seen in Table 1, there will likely be a level of ongoing investment required from our shareholders in the coming years, although it will not necessarily be from the Investment & Growth Reserve. This will be required, as a lot of other funders, especially Central Government ones, require a local/regional share and are not willing to fund ongoing operational resource as this falls outside of the scope of their funds. They prefer to fund projects over a fixed period that will deliver certain outcomes or a level of positive change.

Potential Funders	Type of Resourcing	2022/23	2023/24	2024+
Northland Inc	Professional Advice	\$22,000		
Investment & Growth Reserve	Professional Advice & Operational Resourcing	\$60,000	\$250,000	\$610,000 p/a
Other Funders	Programme Based Resource	\$90,000	\$250,000	\$2.6m+ p/a
	Total	\$172,000	\$500,000	\$3.21m+ p/a

Table 1: Potential Investment into Grow Northland

Where is it:

The project will deliver services across the entire Northland region.

Project outcomes/benefits (consistency with I&GR Criteria- GDP, Job Creation, Household Income)

As outlined above, the primary sector plays a huge role in Northland's economy and there is a real risk that if the sector is not supported in the right way moving forward, its role will be diminished- which will have a devastating effect on our smaller rural communities. If we can influence land use change and facilitate a shift/put more focus on value-add activities in the region through the implementation of Grow Northland, there is an opportunity for the wider sector to continue to grow, while still addressing regulatory and climate-based pressures which are beginning to influence agricultural activities in Northland.

Northland also has a unique sup-tropical climate that provides ideal growing conditions for a variety of plants not grown elsewhere in the country, and in conjunction with a range of other factors, e.g. mild temperatures, high sunshine hours, etc. it makes it an ideal agribusiness location. Through activities at the Ngawha Innovation Park, we are already exploring the potential for the development of other primary sector-based industries that aligns with our current and future climatic conditions, with a focus on the development of the entire value chain within the region, e.g. Speciality coffee.

Enabling Investment Criteria

In our view, the Grow Northland concept aligns with the criteria for funding from the Enabling Investment Fund. Projects eligible for Enabling Investment grant funding must:

Criteria	Assessment
Be located in Northland or substantially located in Northland	The project will be delivered across all of Northland.
Align with the Joint Regional Economic Development Committee's priorities for economic development (as set from time to time), including: <ul style="list-style-type: none"> the construction of public or community held infrastructure; or the development of regionally strategic sectors as identified in Northland Inc's Statement of Intent. 	Based on previous and ongoing discussion with the JREDC, we believe that this project is a priority for them. The primary sector is, especially agricultural and horticultural activities have been outlined as being regionally strategic sectors in Northland Inc's SOI. This project does not result in the construction of physical infrastructure, but the potential benefits of the project will have positive outcomes for the wider public/communities across Northland.
Provide viable, long-term economic development (i.e. beyond immediate short-term employment and business activity) by meeting one or more of the following: <ul style="list-style-type: none"> Generating ongoing net economic benefit to the region; Creating ongoing new jobs in the region; Increasing exports from the region; Being innovation based. 	The Grow Northland initiative ensures that our primary sector will remain viable over the longer term and support new innovative opportunities which will support ongoing economic benefit, the development of new jobs and improving the value of our exports.
Demonstrate that the development can be achieved in a way that supports strong communities and environmental sustainability in Northland.	Without a service such as Grow Northland, there is a real risk that our rural communities will become further disadvantaged moving forward, as local industry and employment become less viable and shift further away to larger centres. With a focus on optimal land use, there is likely to be a shift away from activities that have detrimental effects to more optimal ones.

Table 2: Enabling Investment Criteria

Admin

What is the current available allocation of the enabling investment fund?

This would be the first application within the 2022/23 financial year. The Enabling Investment Fund currently has \$60,000 in the fund, therefore the potential funding available is \$60,000.

Appendix A: Grow Northland Concept

The intention of Grow Northland is to continue to build upon the momentum of Northland Inc projects such as Kaipara Kai and Extension 350 (E350), both of which have either come to an end or are in the final stages of implementation. These projects, especially E350 have achieved positive results in the wider agricultural sector, improving the sectors resiliency and its ability to respond to change, as well as having positioned Northland Inc as a trusted delivery partner in this space.

Grow Northland will be a programme delivery unit that focuses on supporting landowners implement adaptive management in regard to land use, as well as supporting the delivery of both current and future projects in the primary sector and the associated manufacturing sectors. It provides sustainable capability within Northland Inc to help support and drive the delivery of projects within the primary sector, ensuring alignment with key strategies, plans and other initiatives already underway in the region.

The vision we currently have for it is that *“Te Tai Tokerau is the visionary region for land use optimisation, innovation and value add manufacturing,”* and subsequently, it will look to achieve three key outcomes:

1. **Support Optimal Land Use in the Region-** A key role of Grow Northland will be to support landowners to optimise¹ the use of their land through expanding current extension and advisory services. Land-use change will be a vital part of the region’s response to climate change and drive for environmental sustainability.
2. **Empower Māori Landowners-** This outcome focuses on working alongside Māori landowners in pursuit of their own development goals. Emphasis will be placed on:
 - Strengthening governance and/or management capability & capacity
 - Considering/pursuing future focused opportunities & seeking investment that supports this
 - Enabling ongoing improvement on farm at an operational level
 - Collaborating with critical partners and programmes with a view to co-design
3. **Support the application of R&D and best practice-**
“Grow Northland” will help to support opportunities that increase productivity, quality and or sustainability across the supply chain resulting from R&D activities. The focus of this outcome is ensuring that these activities are transferred into the marketplace via extension and adaptation. Current projects that seek to develop, undertake and implement such activity, include:
 - Feasibility of growing hi-oleic peanuts
 - Resilient Pastures, Resilient Farmers
 - Ngawha Innovation & Enterprise Park (coffee processing, nutraceuticals)
 - Collaboration Tai Tokerau

Strategic Direction - Proposed Grow Northland Unit

In time, it is envisioned that the Grow Northland Unit will consist of two types of resources and the structure of the unit will be determined as part of Stage One of the project. The resources consist of:

1. **Core Resources**
 - Secure permanent core capability in key areas, e.g. Land-use optimisation, empowering Māori agribusiness, research and development application, innovation extension and adaptation, etc.
 - 3-4 FTE funded by NInc Shareholders and partially funded by projects led by NInc
2. **Programme Based Resources**
 - Initiate, support and manage projects that align with Grow Northland activities
 - Funded primarily by project budgets
 - Further FTE’s as required

¹ *Optimal Land Use: The best land-use composition to achieve the optimum level of environmental management (including climate change), social cohesion and economic growth*

Alignment

As can be seen in Figure 2, Grow Northland does not plan to duplicate any existing services on offer from other organisations and instead looks to build upon work that has already been completed in the primary sector and work in partnership with other initiatives underway in the region.



Figure 2: Grow Northland Concept

Unconfirmed minutes from the Northland Inc board meeting of 2 September 2022

	<p>Recommend that \$60,000 of enabling investment funding be approved for the continuation of service delivery into the primary sector and the further development of the Grow Northland work programme within Northland Inc noting that feedback from directors from this meeting will be included in the development of this proposal.</p> <p>Proposed Geoff Copstick, Seconded Kris MacDonald</p> <p>Abstained – Liz Oliver</p> <p><i>Carried by majority vote.</i></p>	
Closing Karakia	Kris MacDonald	

Date: _____

NINC Board Minutes 2 September 2022

Investment and Growth Reserve

Criteria and procedures for the allocation of funding

Version 5 – Adopted 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 (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?

- 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 Directors: Appointment of directors for term beginning 1 July 2023

From: Darryl Jones, Economist and Emmanouela Galanou, Economic Policy Advisor

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 16 September 2022

Executive summary/Whakarāpopototanga

The purpose of this paper is to seek approval from the Joint Regional Economic Development Committee (Joint Committee) to prepare the necessary documentation for an open advertising process relating to the appointment of directors to Northland Inc Limited (Northland Inc) for the positions whose current terms expire 30 June 2023. This documentation includes a matrix of skills and experience, a job description and job advertisement material.

The terms of appointment for three of the six current directors of Northland Inc conclude on 30 June 2023 (**Attachment 1**). All three have each served two terms with a total length of service of five years. After consultation with Northland Inc, staff recommend that appointments be sought from the market rather than simply reappointing some or all three directors.

The current directors of Northland Inc whose term finishes on 30 June 2023 are eligible to apply under the policy for the appointment of directors. Under the policy, the maximum number of consecutive terms for any director is three, and reappointments exceeding six continuous years are considered on a case-by-case basis. Consequently, the current directors can be appointed for one more term up to a maximum of three years.

A final decision on undertaking an open advertising process will be taken by the new Joint Committee appointed post the triennium local government elections. The decision in this paper is sought now to provide staff time to prepare the documentation so that advertising can begin soon after the final decision is taken. The new Joint Committee may not be able to decide on this matter until early in 2023. The new Joint Committee will also establish an ad hoc committee to consider applications, conduct interviews and make a recommendation on preferred candidates.

In addition to suggesting an open advertising process, this paper also contains two other suggestions to the new Joint Committee: that the Chair of Northland Inc be included as a member of the ad hoc appointment committee and that just two directors be appointed. Including the Chair of Northland Inc will help ensure a good fit with the remaining members of the board, particularly given that the new Joint Committee will have had few opportunities to meet with board before making this decision. Reducing the total of board members to five will reduce the cost of governance and is considered an appropriate number of an organisation of Northland Inc's size (as it was before July 2018).

Making this decision is consistent with the policy on the appointment of directors to Northland Inc agreed to by the Joint Committee at its meeting on 30 July 2021.

Recommendation(s)

1. That the report 'Northland Inc Limited Directors: Appointment of directors for term beginning 1 July 2023' by Darryl Jones, Economist and Emmanouela Galanou, Economic Policy Advisor and dated 13 September 2022, be received.

2. That staff prepare the necessary documentation associated with an open advertising process for the position of Northland Inc Limited directors.
3. That the current Joint Committee recommends to the next Joint Committee, to be appointed post the triennial local government elections, that it considers:
 - a. Using an open advertising process rather than reappointing existing directors;
 - b. Including the Chair of Northland Inc as a member of the ad hoc appointment committee; and
 - c. Appointing just two directors for terms beginning 1 July 2023 to reduce the total number of directors down to five.

Options

No.	Option	Advantages	Disadvantages
1	That staff prepare the necessary documentation associated with an open advertising process for the position of Northland Inc Limited directors.	Provides staff with adequate time to prepare documentation. Open advertising process tests the market.	Setting course for new Joint Committee.
2	That staff do not prepare the documentation.	Leaves decision entirely up to new Joint Committee.	Places additional work on staff in the new year during which the new Joint Committee is being inducted.

The staff's recommended option is Option 1.

Considerations

1. Climate Impact

[Staff guidance for change considerations.docx](#) There are no climate impact issues associated with this decision. If a future decision is made to reduce the number of board directors from six to five, there may be a reduction in climate change emissions generated by attendance at board meetings and activities.

2. Environmental Impact

There are no environmental risks or negative impacts associated with this decision.

3. Community views

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

4. Māori impact statement

There are no known particular impacts on Māori which are different from other members of the public that need to be considered.

5. Financial implications

There are no budget implications associated with this decision. If a future decision is made to reduce the number of board directors from six to five, this will make available more operation funding for other Northland Inc activities.

6. Implementation issues

Agreeing to go to the market will require preparation of material. Giving direction to staff to make this will ensure enough time is put in place so proceed in new year.

7. Significance and engagement

This matter does not trigger Northland Regional Council's Significant and Engagement Policy, and no public consultation is required for the Joint Committee to make the decision.

8. Policy, risk management and legislative compliance

Under Section 4.1 of Northland Inc Limited Shareholders' Agreement signed on 1 July 2021, the appointment of directors is a matter for Joint Committee decision. The decisions as set out in this paper are consistent with the policy on the appointment of directors to Northland Inc.

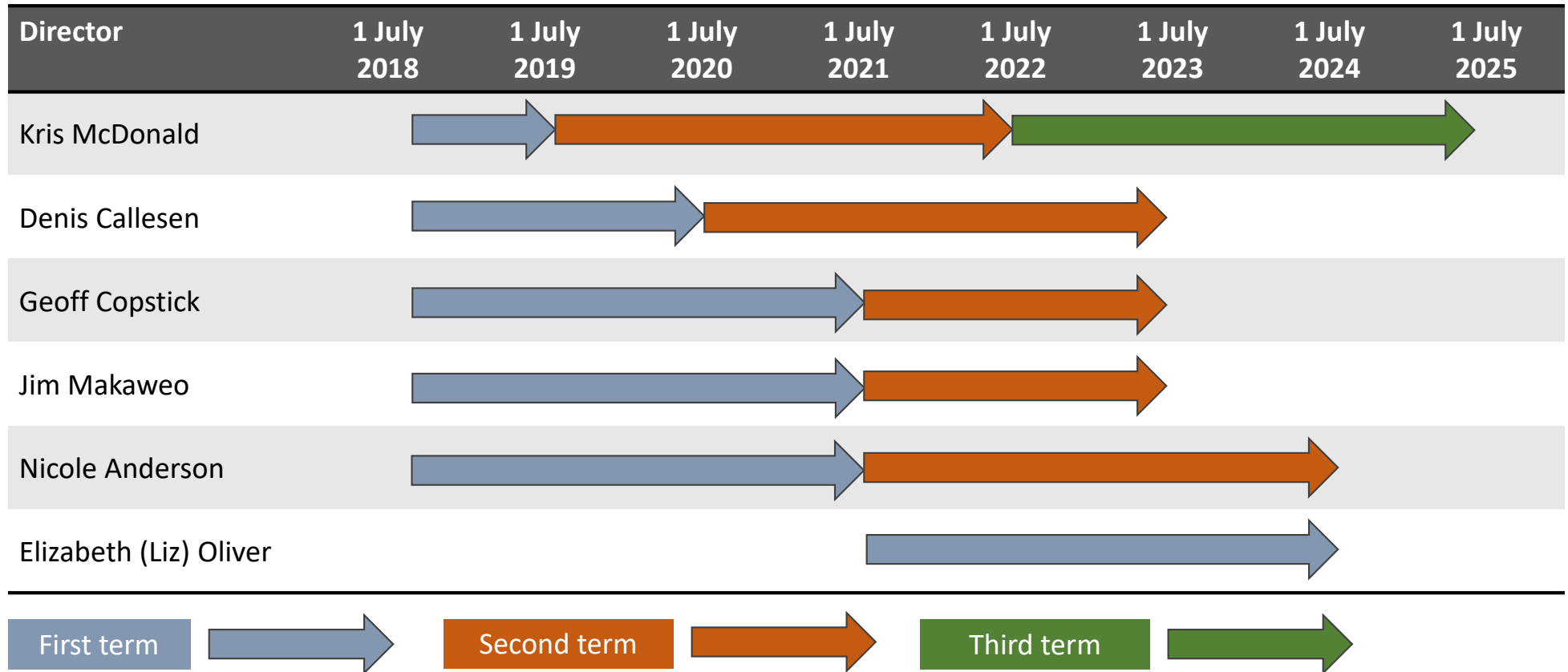
Background/Tuhinga

Nil.

Attachments/Ngā tapirihanga

Attachment 1: Northland Inc Limited - Terms of current directors [!\[\]\(ab4e2b3fc7e7887b7a72f548aa6f5e60_img.jpg\)](#) 

Northland Inc – Terms of current Board



TITLE: **Proposed Induction Programme for the next Joint Regional Economic Development Committee**

From: Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 16 September 2022

Executive summary/Whakarāpopototanga

The purpose of this paper is to outline the proposed Induction Programme of the next Joint Regional Economic Development Committee (Joint Committee). The proposed Induction Programme covers the first three months from the committee appointment results in December 2022 to the first Meeting and Quarterly Workshop with Northland Inc Limited (Northland Inc) in March 2023. The aim is to provide the newly appointed members with information and tools to assist them in their governance role in economic development in Northland over the next three years. The proposed Induction Programme as set out in **Attachment One** is intended as a draft schedule. Staff will develop the detailed programme in due course. In addition, this paper outlines the key messages of the current Joint Committee that staff will pass on to the next Joint Committee.

Recommendation(s)

1. That the report 'Proposed Induction Programme for the next Joint Regional Economic Development Committee' by Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist and dated 14 September 2022, be received.
2. That the Joint Regional Economic Development Committee agree to the proposed Induction Programme as set out in **Attachment One** and the key messages outlined in this paper.

Options

No.	Option	Advantages	Disadvantages
1	The Joint Committee agree to the proposed Induction Programme as set out in Attachment One and key messages outlined in this paper.	Provide certainty that a well-structured induction plan has been set out for the next committee, which will cover the most critical and key aspects of their work. That the key messaging has been clearly outlined to the next committee.	No disadvantages have been identified in relation to this option.
2	Do not agree to the proposed Induction Programme and the key messages.	Allow the new members to form unbiased decisions.	Without an induction programme the next Joint Committee will be unprepared to undertake their work and responsibilities. A chance to agree to the key

			messages for the next Joint Committee is missed.
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The staff's recommended option is Option 1, that the Joint Committee agrees to the proposed Induction Programme as set out in **Attachment One** as well as the key messages outlined in this paper.

Considerations

1. Climate Impact

[*Staff guidance for change considerations.docx*](#) There are no climate change impacts associated with this decision.

2. Environmental Impact

There are no direct environmental impacts associated with this decision. However, it is worth noting that staff will ensure that the Induction Programme highlights the importance of environmental sustainability in regional economic development. Environmental Sustainability is one of the Objectives / Pou identified within Northland Inc's Statement of Intent (SOI) 2022-2025. The next Joint Committee will have input in decision-making in relation to regional environmental sustainability through their council-controlled organisation.

3. Community views

There are no community views associated with this decision that need to be considered.

4. Māori impact statement

There are no known impacts on Māori in relation to this decision that are different from the general public. However, the proposed Induction Programme will highlight the importance of Māori Economic Development (MED) in the region, particularly considering that Northland has the second highest percentage of Māori population across the 16 regions of New Zealand.

5. Financial implications

This matter presents financial implications like the ones occurring for the general council induction. There is a cost associated with the training provided by Economic Development NZ (EDNZ), preferably scheduled to take place in-person in February 2023. This is a two half-day course aiming at supporting appointed committee members in maximising investment return in the region (the course brochure is provided in **Attachment Two**). The cost per councillor per day is \$340. Staff from all three councils have confirmed that there is funding available to support training for their appointed members.

6. Implementation issues

The proposed Induction Programme set out in **Attachment One** is a draft programme intended to give an indication of the process timeline and context. Dates are subject to change. Council staff will work together to finalise a detailed induction programme in due course. Should shareholder councils appoint their members to the Joint Committee early enough, it is hoped that the introductory session of the Joint Committee could occur in December 2022.

7. Significance and engagement

8. Policy, risk management and legislative compliance

This decision is consistent with policy and legislative requirements and there are no risks associated with making this decision. However, there is a potential risk if an induction programme is not in place at the start of the next Joint Committee's term. This may result in the lack of preparation and therefore prevent the Joint Committee members from effectively undertaking their role and responsibilities.

Background/Tuhinga

The purpose of the induction programme is to set up the newly appointed members of the Joint Committee. It provides all Joint Committee members with an introduction to economic development culture, structure, and organisations they might interact with regionally and nationally. The proposed Induction Programme will include a balance of theory and training, reflection, socialisation and practise.

Proposed Induction Programme

The induction process of the new Joint Committee aims at building knowledge, but also helping the new members to start thinking and planning for the region's success. The new Joint Committee will benefit from gaining understanding of regional economic development in Northland, how it works, who drives it, and the role they play in this space. The Induction Programme (**Attachment One**) proposes the following activities:

- Introductory session, plus handbook – in December/early February 2023
- Welcome session at Northland Inc, including mihi whakatau, to meet board and staff – in December/early February 2023
- Committee Members EDNZ training programme – in late February 2023
- Ongoing workshop series ran by council and Northland Inc staff

The introductory session will cover the roles and responsibilities of the Joint Committee as shareholders of Northland Inc, particularly around the appointment of directors and their remuneration, the annual development of the Statement of Intent (SOI), and their governance responsibilities vis a vis the board of Northland Inc. It will also specifically consider the role of the Joint Committee in overseeing the allocation of funding from the Investment and Growth Reserve. The tangata whenua perspective on regional economic development will also be traversed.

Current Joint Committee: Recommendations / handover notes

The current Joint Committee was established on 1 July 2021. In the last fifteen months the Joint Committee has held six meetings and several workshops. Staff have gathered the key messages that the current Joint Committee wish to provide to the new Joint Committee to equip them in their journey to effectively contribute to economic development in Northland. These key messages are listed below:

- **A strong and healthy relationship with the board of Northland Inc.**
The Joint Committee's role in the appointment of directors is critical in maintaining / improving the governance relationship with Northland Inc as a whole. Equally important is for the new Joint Committee to clearly understand the role and responsibilities associated with the shareholders, who are responsible for providing direction and the board of directors of Northland Inc, which oversees implementation.
- **Regional Economic Development Strategy / Te Ōhanga Rautaki Whānui o Te Tai Tokerau**
The strategy is an important document that Northland Inc has been tasked to develop. It will provide direction on how to guide Northland Inc through their SOI and how councils can best coordinate and optimise the way they collectively contribute to economic development in the region.

In addition, the current Joint Committee would like to highlight the approach in the current SOI and the direction given regarding the strategy that economic development should be viewed as an enabler of improvements in environmental, social and cultural wellbeing in the region. It is not economic development simply for growth's sake.

- **Participation of all councils**

A desire to see Whangarei District Council (WDC) join Northland Inc's shareholding along with Northland Regional Council, Far North District Council and Kaipara District Council.

- **Regional Reach**

It is essential to realise that while regional reach is important, Northland Inc's role is to serve the region rather than focus on work in individual council areas. While the Joint Committee members are committed to their designated councils, it is critical that the work of Northland Inc focus on what is best for the whole of Northland.

- **Council funding arrangement**

The current Joint Committee suggests that the new Joint Committee review the current position of the shareholders funding contribution. This process will assist the new committee members and staff with investigating ways to access additional funding and exploring the consequences if this funding is not available.

Attachments/Ngā tapirihanga

Attachment 1: Proposed 2023 Induction Programme to Next Joint Committee [↓](#) 

Attachment 2: EDNZ Course brochure - Maximise return on your investment in ED [↓](#) 

Joint Regional Economic
Development
Committee 2023

Induction Programme



INDUCTION GOAL



INDUCTION PURPOSE



INDUCTION FORMAT

LOCAL ELECTIONS & NEW COUNCILS			
COMMITTEE FORMATION	Phase 1 - December 2022	Outcome	
	The right people First time appointed committee members need to be properly informed on how their committee works and equipped with tools and knowledge to contribute to economic development in the region.	New members <ul style="list-style-type: none"> ✓ Make informed decision ✓ Have realistic expectations of the work ✓ Start good governance practice ✓ Maintain/improve relationships and partnerships 	
GOVERNANCE KNOWLEDGE	Phase 2 - December 2022 / February 2023*	Tools	Outcome
	Joint Committee anatomy It is important the new members understand their role and responsibilities. Part of this process includes reviewing the Joint Committee Terms of Reference document.	Introductory session by NRC staff Introducing the new members of the committee as well as council staff. Outlining processes, roles and responsibilities. Induction JREDC Handbook A document that committee members can refer to during their term.	Welcome session at Northland Inc Half-day at The Orchard to meet staff and board. Mihi whakatau included. New members Participate in effective, timely induction to achieve the right level of competency to enable their successful contributions. A well-paced programme to ensure newly appointed members are not overwhelmed with knowledge, but instead receive the right support at the right time. Tangata whenua perspective Iwi/hapu activity on regional economic development will also be traversed.
BUILD TECHNICAL KNOWLEDGE	Phase 3 - late February 2023	ED Course	Topics to be covered in the course
	Learning opportunity One of the challenges appointed members must grapple with is the need to upgrade their technical skills and knowledge to enable them to make well-informed decisions.	This two half-day course facilitated by Economic Development NZ aims to support councillors in maximising the value of investment in economic development.	<ul style="list-style-type: none"> ✓ Why invest in ED? Who benefits? ✓ Your strategy? ✓ Explore the economic drivers of your region ✓ Learn about the role of your EDA and making your EDA accountable ✓ How to ensure your EDA is set up for success
REGIONAL OVERVIEW	Phase 4 - Ongoing	Tools	Work on the ground
	Local economic development ecosystem Understanding the current regional environment, its challenges and opportunities is critical for best economic development practices. Similarly, understanding the role that other organisations play in the region is an essential tool for decision-makers.	Series of workshops A series of workshops held by council/NINC staff as part of the Joint Committee quarterly workshop session to ensure that major areas of regional work, projects and organisations have been outlined in detail to the new members.	The new committee will be given the opportunity to visit work on the ground across the region as part of their Annual Work Plan.

*The month of the introductory session will be determined based on time of appointment of the next Joint Committee



**ECONOMIC DEVELOPMENT
FOR
COUNCIL ELECTED
REPRESENTATIVES**

**WITHIN
YOUR REGION**

The Course

The Economic Development Course for Councilors has been specifically designed by Economic Development NZ to support councillors in maximising the value of investment in economic development.

Topics to be covered in the course:

- Why invest in ED?
- Who benefits?
- Your strategy?
- The import of Collaboration
- Explore the economic drivers of your region
- Learn about the role of your EDA
- Making your EDA accountable
- How to ensure your EDA is set up to succeed

Format

This course can be delivered over one day virtually, Face to Face or through a combination of both.

It will be presented by one of EDNZ's leading learning facilitators and tailored specifically to the Councillors of your Region.

Councillors will be provided with a link to a customised resource centre and a certificate of completion at the conclusion of the course.

**TO LEARN MORE CONTACT
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