

Joint Regional Economic Development

Committee

Friday 23 February 2024 at 10.00am

AGENDA

Joint Regional Economic Development Committee Agenda

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

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

MEMBERSHIP OF THE JOINT REGIONAL ECONOMIC DEVELOPMENT COMMITTEE

Chair (FNDC Councillor), John Vujcich

Deputy Chair (FNDC), Penetaui Kleskovic KDC Mayor, Craig Jepson KDC Deputy Mayor, Jonathan Larsen

NRC Deputy Chair, Tui Shortland NRC Chair, Geoff Crawford

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2.0 NGĀ WHAKAPAHĀ/APOLOGIES	
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Opening Karakia | Karakia Timatanga

Tukua te wairua kia rere ki ngā taumata

Hei ārahi i ā tātou mahi

Me tā tātou whai i ngā tikanga a rātou mā

Kia mau kia ita

Kia kore ai e ngaro

Kia pūpuri

Kia whakamaua

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

Closing Karakia | Karakia Whakamutunga

Unuhia, unuhia

Unuhia ki te uru tapu nui

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

Koia rā e Rongo, whakairia ake ki runga

Kia tina! TINA! Hui e! Tāiki e!

TITLE: Confirmation of Minutes - 30 November 2023

From: Meloney Tupou, Maori Governance and Engagement Support Admin

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 16 February 2024

Ngā mahi tūtohutia / Recommendation

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

Attachments/Ngā tapirihanga

Attachment 1: Joint Regional Economic Development Committee [↓](#) 

Joint Regional Economic Development Committee
30 November 2023

Joint Regional Economic Development Committee Minutes

Meeting held in the Kaipara District Council
1c Molesworth Drive, Mangawhai
on Thursday 30 November 2023, commencing at 10.30am

Tuhinga/Present:

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

I Tae Mai/In Attendance:

Full Meeting

KDC Chief Executive Officer
KDC General Manager – Engagement and Transformation
NRC Economist
NRC Economic Policy Advisor
NRC Administration
FNDC Manager - Strategy and Policy
Northland Inc Chief Executive
Northland Inc Head of Investment and Infrastructure
Northland Inc Head of Regional Plans and Engagement
Project Lead, Tuputupu Grow Northland
(*via audio visual link*)
Northland Inc Head of Kaupapa Māori, Enterprise and Innovation
Northland Inc Head of Destination and Communications
Northland Inc Board Members x 4

The Chair declared the meeting open at 10.34am.

Ngā Mahi Whakapai/Housekeeping (Item 1.0)

Ngā whakapahā/Apologies (Item 2.0)

Moved (Jepson / Larsen)

That the apologies from NRC Deputy Chair Tui Shortland for non-attendance be received.

Carried

Joint Regional Economic Development Committee
30 November 2023

Confirmation of Minutes - 28 September 2023 (Item 4.1)

Report from Meloney Tupou, Māori Governance and Engagement Support Admin

Moved (Jepson/Vujcich)

That the minutes of the Joint Regional Economic Development Committee meeting held on 28 September 2023 be confirmed as a true and correct record.

Carried

Receipt of Action Sheet (Item 5.1)

Report from Darryl Jones, Economist

Moved (Larsen/Vujcich)

That the report 'Receipt of Action Sheet' by Darryl Jones, Economist and dated 17 November 2023, be received.

Carried.

Northland Inc Limited: Whangarei District Council decision to consult on becoming a shareholder (Item 5.2)

Report from Darryl Jones, Economist

Moved (Larsen/Jepson)

1. That the report 'Northland Inc Limited: Whangarei District Council decision to consult on becoming a shareholder' by Darryl Jones, Economist and dated 22 November 2023, be received.
2. That the Joint Regional Economic Development Committee approve the Chair extending a right to speak on all matters to two Whangarei District Council (WDC) elected members at all meetings and workshops of the Joint Committee until WDC has made a decision on joint ownership of Northland Inc following public consultation on their Long Term Plan 2024-2034.
3. That Whangarei District Council be invited to provide feedback on the draft Northland Inc Limited Statement of Intent 2024-2027 when it is provided to the Joint Regional Economic Development Committee by Northland Inc.

Carried

Northland Inc Limited: Statement of Intent 2024-2027 - Letter of expectations (Item 5.3)

Report from Darryl Jones, Economist

Moved (Vujcich/Crawford)

1. That the report 'Northland Inc Limited: Statement of Intent 2024-2027 - Letter of expectations' by Darryl Jones, Economist and dated 17 November 2023, be received.
2. That the Letter of Expectations on the Statement of Intent 2024-2027 as set out in **Attachment 1** be provided to Northland Inc Limited.

Joint Regional Economic Development Committee
30 November 2023

3. That the Chair be delegated authority to make minor amendments to the letter of expectations to Northland Inc Limited on its Statement of Intent 2024-2027 in line with comments received on this report.

Carried

Secretarial note: A few changes to the draft letter were suggested. The Chair offered to circulate a revised draft to the Joint Committee before providing to Northland Inc.

Secretarial Note: Item 5.4 be moved to last item on the agenda.

Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway (Item 5.4)

Report from Darryl Jones, Economist

Moved (Larsen/Kleskovic)

1. That the report 'Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway' by Darryl Jones, Economist and dated 17 November 2023 be received.
2. That the Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway document be received.
3. That JREDC thank the steering group for their participation in the development of the Te Rerenga document.
4. That JREDC, Te Rerenga steering group co-chairs, and Northland Inc. board of directors work together to refine and finalise the economic development strategy for Northland.
5. That JREDC instructs the CE of Northland Inc. to provide a request for minor additional funding to allow this process to be completed.

Carried

Secretarial note: Final motion carried differs from what was published.

Northland Inc Limited: Reporting against Statement of Intent 2023-2026, First quarter 2023/24 (Item 5.5)

Report from Darryl Jones, Economist

Moved (Vujcich/Jepson)

That the report 'Northland Inc Limited: Reporting against Statement of Intent 2023-2026, First quarter 2023/24' by Darryl Jones, Economist and dated 17 November 2023, be received.

Carried

Joint Regional Economic Development Committee
30 November 2023

**Northland Inc Limited: Activities to support the agricultural sector including
Tuputupu Grow Northland initiative (Item 5.6)**

Report from Darryl Jones, Economist

Moved (Vujcich/Crawford)

That the report 'Northland Inc Limited: Activities to support the agricultural sector including
Tuputupu Grow Northland initiative' by Darryl Jones, Economist and dated 17 November
2023, be received.

Carried

Secretarial note: Joint Committee paused meeting and reconvened to discuss item 5.4 at 12.15pm.

Whakamutunga (Conclusion)

The meeting concluded at 12.40pm.

UNCONFIRMED

TITLE: **Productivity Commission - Presentation on learnings for local government by Dr Ganesh Nana**

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

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 16 February 2024

Whakarāpopototanga / Executive summary

Arrangements have been made for Dr Ganesh Nana, Chair of the New Zealand Productivity Commission to speak to the Joint Regional Economic Development Committee. The Productivity Commission, which began operating on 1 April 2011, will be disestablished and are to cease substantive operations by the end of February 2024. One of the reasons given for doing this is to provide a source of funding for the new Ministry for Regulation.

Dr Nana will speak on the key learnings for local government from the work undertaken by the Productivity Commission including the key economic outcomes to focus on, the main barriers to overcome, and the actions that local government can take to impact these.

The final inquiry report on *Improving Economy Resilience* and final research report on *Business by Numbers* will be published in February. Further information about the work of the Productivity Commission can be found on their website <https://www.productivity.govt.nz/>.

Ngā mahi tūtohutia / Recommendation

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

Background/Tuhinga

Dr Ganesh Nana was appointed Chair of the Productivity Commission in August 2023 after a decades-long career at Business and Economics Research Limited (BERL), a leading economic consultancy. At different times, Dr Nana served as BERL's Research Director and Chief Economist.

Earlier in his career, Dr Nana taught at Victoria University and worked in the British Parliament. In a press release announcing Dr Nana's appointment as Chair, then-Minister Grant Robertson noted that "[his] appointment will bolster the Commission's efforts to deliver on the full breath of its mandate."

Attachments/Ngā tapirihanga

Nil

TITLE: **Receipt of Action Sheet**

From: Darryl Jones, Economist

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 16 February 2024

Whakarāpopototanga / Executive summary

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

Ngā mahi tūtohutia / Recommendation

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

Attachments/Ngā tapirihanga

Attachment 1: Action sheet [↓](#) 

Joint Regional Economic Development Committee - Action Sheet

Meeting date	Item	Action	Responsible staff	Status	Notes
30-Nov-23	Northland Inc: SOI 2024-27 - Letter of expectations	Circulate a revised letter of expectations based on comments received at the meeting and then send to Northland Inc	Darryl Jones	Complete	Revised letter of expectations circulated to JREDC for any further feedback on 6 December. No comments received and final sent to Northland Inc on 11 December. Refer to Attachment 3 of agenda item 5.3 for final letter.
30-Nov-23	Northland Inc: WDC decision to consult on becoming a shareholder	WDC to be invited to provide feedback on the draft SOI when it is provided to JREDC by Northland Inc	Darryl Jones	Complete	Draft SOI sent to WDC staff 8 February along with timeframe
30-Nov-23	Te Rerenga	Session for JREDC members, Northland Inc directors, and Te Rerenga Steering Group Co-Chairs to finalise Te Rerenga	Northland Inc	In progress	Session being arranged by Northland Inc
30-Nov-23	Te Rerenga	Northland Inc CEO to provide a request for minor additional funding to support completion of document	Northland Inc	Complete	Refer to agenda item 5.4
30-Nov-23	Northland Inc: Reporting against SOI 2023-2026	Provide further details of the client satisfaction survey results for business assistance provided by Northland Inc (KPI #9)	Darryl Jones	Complete	This will be covered by Northland Inc in agenda item 5.6

TITLE: Northland Inc Limited: Statement of Intent 2024-2027 - Draft received from Northland Inc

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

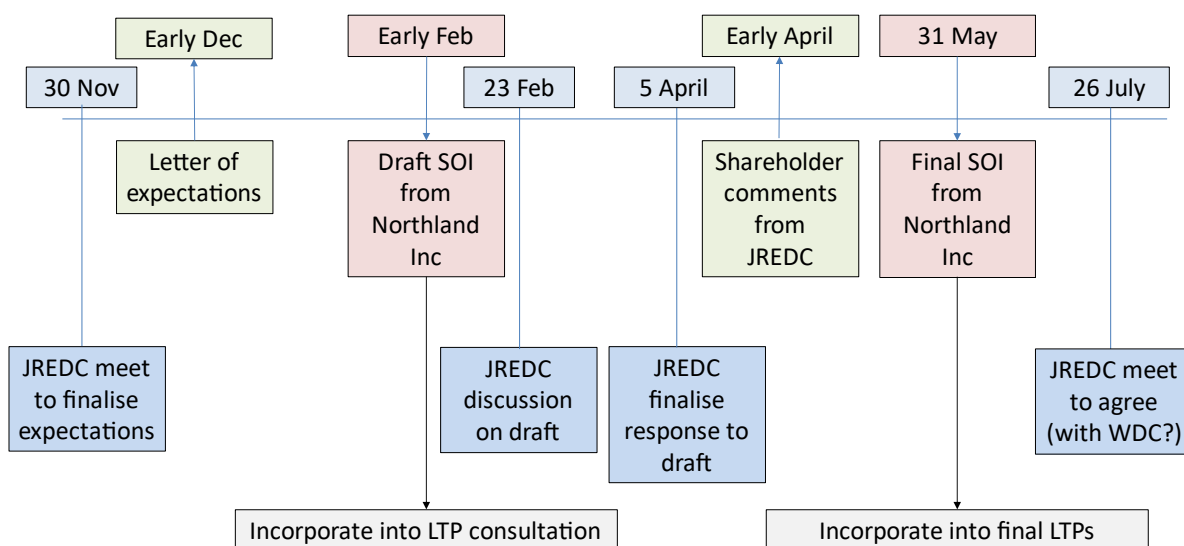
Authorised by Group Manager/s: Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on 16 February 2024

Whakarāpopototanga / Executive summary

The purpose of this report is to provide the Joint Regional Economic Development Committee (Joint Committee) with Northland Inc’s draft Statement of Intent (SOI) 2024-2027 (**Attachment 1**) received on 5 February 2024 so that an initial discussion on the content of the draft SOI can take place. Along with the draft SOI, Northland Inc provided a cover letter highlighting the major changes they are proposing to make to their SOI (**Attachment 2**). Representatives from Northland Inc will attend the Joint Committee meeting to introduce the draft SOI and discuss the changes.

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

Timeline for development of Northland Inc’s SOI 2024-2027



An assessment of the draft SOI indicates that all the necessary statutory requirements as per Schedule 8(7)(2) of the Local Government Act (LGA) 2002 have been met including the time requirement (on or before 1 March). Table 1 highlights the main differences between the draft SOI 2024-2027 and the current SOI 2023-2026 while Table 2 comments on the response of Northland Inc to the points raised in the shareholders’ letter of expectations sent on 11 December 2023 (**Attachment 3**).

Table 1. Comparison of draft SOI with current SOI

SOI section	Difference to current SOI
Whakatauaāki	Same whakatauaāki as in current SOI but brought up to the front of the draft SOI. Located in the Objectives section of the current SOI.
Introduction	Following sentences in the current SOI are not included in the draft SOI. “Northland Inc believes that despite overall strong regional economic performance many sectors and communities in Northland deserve further support and is committed to identifying partnerships and collaborations that help to increase funding and resources to enable equitable economic growth. Notwithstanding our intention to raise additional funding, our budget as presented reflects highly likely funding sources only. As such, for the sake of conservatism, the activities, workstreams and KPIs included in this document assume no aspirational funding objectives.”
	Context section has been removed. This is not a LGA 2002 requirement.
Objectives, Vision and Mission	<p>Changes have been made to the Vision and Mission statements as indicated in discussions with Northland Inc at previous Joint Committee meetings.</p> <p>Current SOI Vision Statement: An economy that supports a prosperous and thriving Te Tai Tokerau Northland that respects all people – past, present and future – and cares for the environment we all share.</p> <p>Draft SOI Vision Statement: A prosperous and thriving Te Tai Tokerau Northland that is build on a shared history and values – he tangata (people), he taiao (environment), he ohanga (prosperity for all).</p> <p>Current SOI Mission Statement: To identify and focus on those activities and relationships that will strengthen, diversify, and grow Te Tai Tokerau Northland economy to help achieve equity and environmental sustainability.</p> <p>Draft SOI Mission Statement: To make purposeful economic development impact that builds resilience and improves the prosperity, wellness and equity of Te Tai Tokerau Northland.</p> <p>Northland Inc have included a new graphical representation of their vision, mission, and objectives.</p>
Enablers, Strategic Pou, Activities and Key Performance	<p>As requested, Northland Inc clearly distinguished between enabler/core business activities and strategic priorities (pou) in their draft SOI.</p> <p>Northland Inc have set out nine areas of the work compared to the current six. The three new areas – Tuputupu Grow Northland, Innovation & Enterprise, and Partnerships – were previously part of the current six but have been separated out.</p> <p>In its current SOI, Northland Inc lists 16 KPIs, 6 of which were outcome KPI. Their draft SOI lists 25 KPIs, 11 of which were outcome KPIs.</p>
Finance	<p>In their introduction, Northland Inc shortened on paragraph relating to its finances.</p> <p>They removed these words: “Northland Inc believes that despite overall strong regional economic performance many sectors and communities in Northland deserve further support and is committed to identifying partnerships and collaborations that help to increase funding and resources to enable equitable economic growth. Notwithstanding our intention to raise additional funding, our budget as presented reflects highly likely funding sources only. As such, for the sake of conservatism, the activities, workstreams and KPIs included in this document assume no aspirational funding objectives.”</p>
Governance	No change

Table 2. Response to letter of expectations

Letter of Expectation	Response to letter of expectations
Generally supported the new wording of the Vision/Mission but suggest the Mission should include a reference to economic development. Nothing in the proposed Mission statement indicates that Northland Inc is an economic development organisation.	The word “development” included in Mission, but not changed in figure.
Expect the SOI to clearly articulate what the distinction is between an enabler/core business (of which six are proposed in the strategic framework) and a strategic priority (of which four are proposed).	In their draft SOI, Northland Inc defines enablers/core businesses as “core, supporting or contracted activities.” They define strategic priorities (pou) as “areas that Northland Inc will be prioritising effort in.”
Noted that having a total of ten activities is a major step up from the current six and the four that were in place in 2020 prior to the move to joint ownership. Is Northland Inc spreading itself to thin? We ask Northland Inc to carefully consider the resource implications of this, referencing our comments in the Finance section below.	This is not addressed in the draft SOI but was addressed by Suzanne Duncan, Chair of Northland Inc’s board, in the letter that accompanied the SOI. In her letter, Chair Duncan noted that “providing some of the major initiatives are co-funded by Central Government and others... Northland Inc will be able to deliver these activities.” She also noted that “should co-funding not be available... we will not commence them, or will scale back our activities accordingly.”
The total number of KPIs in the current SOI 2023-2026 (i.e. 16) is about right.	Northland Inc’s new draft contains 25 KPIs.
The distinction between output and outcome indicators is useful to maintain, with emphasis given to outcome measures.	Northland Inc does maintain the distinction between the two different types of indicators in their draft SOI. In the current SOI there are six outcome indicators. In the draft this has been increased to 11.
Like to see a closer link between the description of objectives, activities and KPIs. This will make it easier to both explain the work of Northland Inc and assess performance.	The layout of Northland Inc’s draft SOI clearly links each of their KPIs to specific objectives and activities.
Ask that there be at least one KPI relating to supporting businesses meet climate adaptation targets set by central government.	The outcome KPI for Environmental Sustainability (Enabler 4) is: “More Northland businesses taking action to reduce their emissions. Northland Inc is supporting businesses to meet climate adaptation targets set by Central Government.”
Anticipating Northland Inc to update the baseline carbon footprint from which reduction targets will be set.	This KPI has been removed in the draft SOI. In her letter, Chair Duncan explains that it is not practical to impose restrictions due to vehicle travel and air travel being the major levers that can be used and the need to travel around the region to deliver services.
Request Northland Inc to look for efficiencies and cost savings in their budget.	In her letter, Chair Duncan notes that the organisation is “currently looking at current programmes and funding for them – and have plans to discontinue them if needed.... We are looking at scenarios where co-funding from Government may not be available and will scale back proposed activity accordingly if this occurs and alternate sources are not available.”

	<p>Chair Duncan also noted six specific measures that Northland Inc employs to keep costs down on a day-to-day basis. More generally, Chair Duncan noted that Northland Inc “keeps costs as low as reasonably possible” and seeks to “actively minimise costs.”</p>
<p>In terms of the operation funding request, the current shareholders will be contributing an additional \$167k into the IGR for 2024/25 year, with the potential for WDC contributing an additional \$375k. Not want all additional allocated to Northland Inc operational funding.</p> <p>Would like to have a reasonable quantum of funding left in the IGR to enable an allocation of funding through the Enabling Investment category to projects in the region. The Joint Committee view it as strategically important to have funding available so that it could co-fund into project opportunities with the new government.</p>	<p>Despite this comment, Northland Inc funding request in its draft SOI remains unchanged. See comment below.</p>
<p>There will be five directors of Northland Inc as at 1 July 2024 as the Joint Committee has decided to not replace Nicole Anderson when her current term finishes on 30 June 2024.</p>	<p>Northland Inc’s draft SOI notes that “[they are] governed by a board of six directors appointed for three years...” Their draft does not reference Director Anderson’s imminent departure.</p>
<p>Be prepared to include WDC as an additional shareholder in the final board approved version pending a decision post their LTP 2024-2034 consultation.</p>	<p>There is no reference to WDC in Northland Inc’s SOI draft. However, the final approved SOI will include the necessary changes if WDC decides to become a shareholder of Northland Inc.</p>

The prospective statement of financial performance in section 12 shows the operational funding request of Northland Inc (row named “CCO Opex”) that would need to be financed from the Investment and Growth Reserve (IGR). This is \$2.14 million in 2024/25 rising to \$2.446 million in 2026/27.

The following table shows the cashflow balance of the IGR for the period 2021/22 to 2026/27 based on Long Term Plan funding commitments and the draft SOI 2024-2027 provided by Northland Inc. The prospective statement of financial performance and the IGR cashflow balance do not consider WDC participation as a shareholder of Northland Inc.

The proposed level of operational funding contained in the draft SOI 2024-2027, coupled with the Project Development budget allocation of \$300K per annum means that there is very little funding available for Enabling Investment allocation over the next three years. Unspent Project Development budget is the only means by which Enabling Investment funding would be possible. In essence, what is being proposed is that all the additional funding being provided into the IGR by councils will be used for Northland Inc operational funding. For example, in 2024/25, the total local government contribution to the IGR increases by \$167k and Northland Inc’s operational expenditure funding increases by \$168k.

Cash flow balances of the Investment and Growth Reserve, 2021/22 to 2025/26
based on current funding commitments
\$000

	LTP 2021			LTP 2024		
	Actual		Forecast	Northland Inc SOI 2024-2026		
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Investment and Growth Reserve						
Opening Balance	\$533	\$80	\$188	\$38	\$38	\$38
Deposits						
Northland Regional Council	\$1,864	\$1,897	\$1,937	\$1,984	\$2,033	\$2,084
Far North District Council	\$82	\$169	\$246	\$335	\$413	\$500
Kaipara District Council	\$29	\$61	\$89	\$121	\$149	\$180
Total local government contribution	\$1,975	\$2,127	\$2,272	\$2,440	\$2,595	\$2,764
Other revenue ¹	-\$3	\$9	\$0	\$0	\$0	\$0
Total deposits	\$1,972	\$2,136	\$2,272	\$2,440	\$2,595	\$2,764
Withdrawals						
Northland Inc operational expenditure funding	\$1,637	\$1,824	\$1,972	\$2,140	\$2,295	\$2,446
Project Development ²	\$175	\$144	\$300	\$300	\$300	\$300
Enabling Investment ³	\$613	\$60	\$150	\$0	\$0	\$0
Total withdrawals	\$2,424	\$2,028	\$2,422	\$2,440	\$2,595	\$2,746
Closing Balance	\$80	\$188	\$38	\$38	\$38	\$56

Notes

1. Other revenue includes interest earned on the IGR. Final 2023/24 "Other revenue" value to be confirmed as part of NRC annual reporting.
2. The IGR criteria provides for up to \$300k 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, i.e. \$156k unspent in 2022/23 became available for 2023/24. Project Development expenditure in 2022/23 comprises:

* \$25k for strategic review of the Hundertwasser Art Centre operating model and marketing programme

* \$15k for a Dargaville accommodation demand study

* \$104k under the Ngāwhā underwrite agreement (request currently being processed by NRC)

3. For 2022/23, \$60k was allocated in September 2022 for the Grow Northland project. For 2023/24, \$150k was allocated in June 2023 for the Tuputupu Grown Northland Initiative.

Ngā mahi tūtohutia / Recommendation


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


Background/Tuhinga

Not relevant.

Attachments/Ngā tapirihanga

Attachment 1: Northland Inc Limited Draft Statement of Intent 2024-2027 [↓](#) 

Attachment 2: Cover letter to Northland Inc's Draft Statement of Intent 2024-2027 [↓](#) 

Attachment 3: Letter of expectations sent to Northland Inc on 11 December 2023 [↓](#) 



Northland Inc

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

Tauākī Whāinga Statement of Intent

2024/25 - 2027/28

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1 Whakatauāki

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

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

2 Kupu Whakataki - Introduction

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

Northland Inc is a Company registered under the Companies Act 1993, a reporting entity for the purposes of the Financial Reporting Act 1993. It is owned by Northland Regional Council (NRC), Far North District Council (FNDC) and Kaipara District Council (KDC), herein referred to as the 'Shareholders'. By virtue of the Shareholders right to appoint directors, Northland Inc is a council-controlled organisation (CCO) as defined under Section 6 of the Local Government Act 2002.

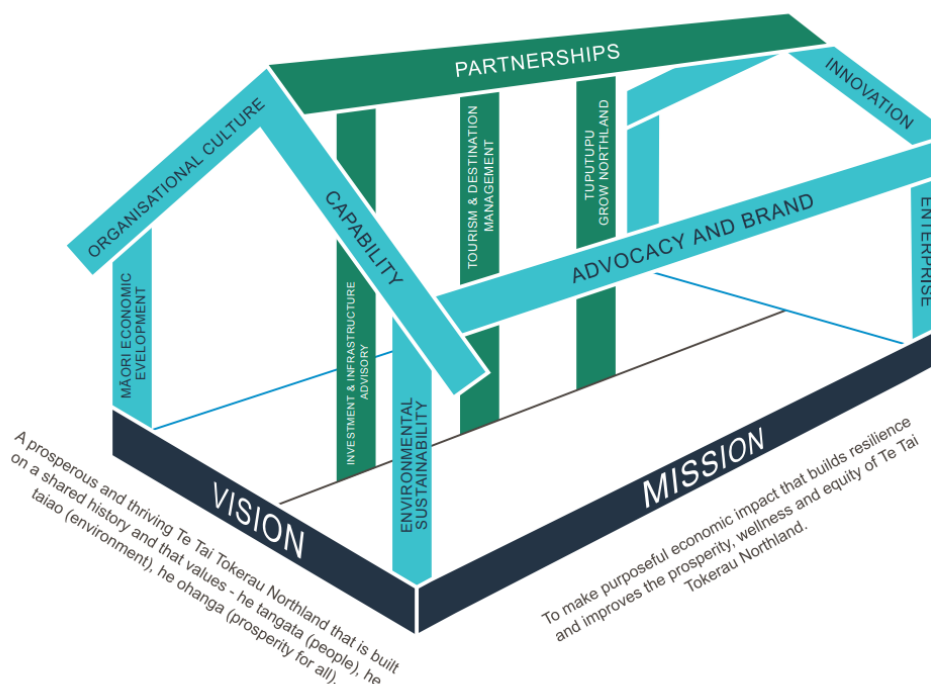
Northland Inc is partially funded by operational contributions from the Shareholders and is project funded through other public and private agencies, with central government being the next largest contributor.

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

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

3 He Pou Mahi – Objectives, Vision and Mission

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



Tirohanga ki Mua - Vision

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

Te Aronui - Mission

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

4 Enablers, Strategic Pou, Activities and Key Performance

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

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

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

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

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

Strategic Pou 1 – Investment & Infrastructure

Objective:

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

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

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

Activity:

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

Key Performance Indicators:

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

Strategic Pou 2 – Tuputupu Grow Northland

Objective:

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

Activity:

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

Key Performance Indicators:

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

Strategic Pou 3 – Tourism and Destination Management

Objective:

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

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

Activity

- Lead the **Destination Management Plan (DMP)** in partnership with relevant stakeholders, industry, iwi and hapū.
- Facilitate regional investment through **sector collaboration groups, marketing the region nationally and internationally**, and providing targeted business support for tourism operators.
- Play a key role in attracting direct investment into the region **for infrastructure to support tourism** and support the development of sustainable pathways for businesses operating in the region.
- **Honour dual heritage and Māori story telling traditions** by supporting stories told by those who have the right to tell them. A strong partnership approach with iwi, hapu, Māori tourism operators and landowners are the basis for growing this portion of the market.
- Improve regional dispersal, length of stay, expenditure, and the appeal of off-peak travel particularly through leverage of the **Twin Coast Discovery programme** as a region wide development framework for tourism
- Co-ordinate, and where appropriate, lead the implementation of an **Annual Regional Tactical Marketing Plan** for destination marketing, in alignment with the direction of national tourism organisations and in partnership with the Te Tai Tokerau Northland tourism sector

Key Performance Indicators:

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

Enabler 1 – Innovation & Enterprise

Objective:

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

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

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

Activity:

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

Key Performance Indicators:

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

Enabler 2 – Advocacy and Brand

Objective:

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

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

Activity:

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

Key Performance Indicators:

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

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

Objective:

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

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

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

Activity:

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

Key Performance Indicators:

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

Enabler 4 – Environmental Sustainability

Objective:

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

Activity:

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

Key Performance Indicators:

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

Enabler 5 – Partnerships

Objective:

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

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

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

Activity:

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

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

Key Performance Indicators:

Not applicable (covered by other KPI's)

Regional Outcomes Sought:

Not applicable (covered by other Regional Outcomes)

Enabler 6 – Organisational Culture & Capability

Objective:

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

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

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

Activity:

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

Key Performance Indicator:

Not applicable (covered by other KPI's)

Regional Outcomes Sought:

Not applicable (covered by other Regional Outcomes)

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

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

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

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

Northland Inc is not required to make any distributions to its Shareholders.

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

6 Kaiwhakaruruhau - Governance

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

In undertaking its activities, Northland Inc will to:

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

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

- Prepare a 3-year SOI setting out its strategic goals for agreement with its Shareholders, as shareholder;

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

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

7 Ngā kaupapa here kaute - Accounting policies

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

8 Ngā kōrero hei tuku ki ngā Kaipūpuri - Information to be provided to the Shareholders

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

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

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

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

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

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

of Section 68 and Section 69 of Part 5 of the Act. In addition, the Annual Report is to contain a declaration by the Board as to the compliance with the Act and specifically that the requirements of Schedule 8 have been met.

9 Ngā urunga, ngā whiwhinga me ngā hokonga hou - New entities, acquisitions and sales

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

10 Kia rapu pūtea nō ngā Kaunihera mō wēnei take - Activities for which local authority funding is sought

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

11 Wētahi atu take - Any other matters

Northland Inc can request its Shareholders hold a confidential meeting of the Joint Regional Economic Development Committee or Council(s) meeting for discussion about commercially sensitive matters, subject to this request meeting the requirements of section 7(2) of the Local Government Official Information and Meetings Act 1987. Any report submitted by Northland Inc for formal consideration by its Shareholders should be accompanied by advice from their management.

12 Whakamaramatanga-a-pūtea - Financial information

A prospective statement of financial performance is included below.

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

Appendix A: Ngā Kaupapa Here Kaute - Accounting Policies

1. Statement of Accounting Policies

BASIS OF PREPARATION

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

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

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

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

CHANGES IN ACCOUNTING POLICIES

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

Northland Inc

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

1 February 2024

**Chair of Joint Regional Economic Development Committee
(JREDC)
Northland Regional Council
Private Bag 9021
Whangarei 0148**

Sent by email:

Tēnā koe

Northland Inc Limited: Draft Statement of Intent 2024/25 - 2027/28

E mihi ana ki ngā tini āhuatanga o te wā, otirā ki ngā taimahatanga e pēhi nei i a tātou i ēnei wā o te mate korona.

Ko te whakaaronui ki a koe kia hāpai ai, kia tautoko tonu i te rahi o te mahi. No reira, nei ra te mihi nui ki a koe.

In accordance with statutory obligations, please find attached the draft Statement of Intent 2024/25 - 2027/28 (SOI).

In terms of timing for the SOI development, the statutory deadline requires Northland Inc to deliver a draft SOI on or before 1 March 2024. However, as per the request from JREDC to align the SOI with your respective councils' Long Term Plan consultation documents, we provide the draft early February.

Amendments

We have made changes to the draft SOI in response to the JREDC Letter of Expectation (LOE) to Northland Inc of 11 December 2003. Key points are outlined below.

Objectives and Metrics

The SOI is consistent with the direction set by Te Rerenga, Taitokerau Northland economic wellbeing pathway (subject to final endorsement by the Joint Committee), and it aligns with our refreshed Vision, Mission and Strategy.

We outline in the SOI 3 Strategic Priority areas and 6 Enablers and outline the differences between them.

We also have our Key Performance Indicators (KPI's) for the organisation for each of the Priority and Enabler areas.

Alongside these KPI's are "Additional Regional Objectives" – which are critical for the success of Northland yet are metrics that have many factors contributing to them and are outside the direct control of Northland Inc although our work contributes towards them

To address the specific recommendations of the LOE:

- The Mission Statement has been amended to include a reference to economic development
- The SOI articulates the distinction between enabler/core business and strategic priority. Essentially the Enablers are core, contracted or BAU activities; while the three Strategic Priority areas are where the organisation is putting extra effort, based on the Board and JREDC strategic planning workshops we conducted in 2023.

Northland Inc

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Kia tupu ai te ōhanga o Te Tai Tokerau

- The resource implications for this number of enablers and priorities is noted. We believe - providing some of the major initiatives are co-funded by Central Government and others (utilizing shareholders seed funding as per normal process) - Northland Inc will be able to deliver these activities.

However, should co-funding not be available (especially bearing in mind a new Government), we will not commence them, or we will scale back our activities accordingly – which is the “flex model” we also use for crisis situations (e.g. cyclone recovery grant distribution - where we employed another 10-12 staff for a period fully funded by Central Government).

- A closer link has been made between Objective, Activities and KPI's. Objectives are now listed at the start of each section, flowing to Activities and then a table on specific KPI's.
- We have referenced the goals of helping businesses meet climate adaptation targets set by Central Government and will do this through the regional companies we assist through working with partners such as EECA into Northland, responsible tourism training and workshops, advising businesses through our Business and Innovation Growth Team on tools and sources for assistance, and through considering the environment in our investment facilitation projects.
- Following Board discussion, we suggest the removal SOI carbon footprint KPI for Northland Inc itself, although the Board will maintain monitoring on operational activity. Given the major levers are only vehicle travel and limited air travel, it is not practical to try to impose restrictions on these items when staff need to be in all shareholders regions regularly working with companies, and at Mahinga at the Ngawha Innovation Park on a regular basis. We want Northland Inc to be around all of Northland working with organisations.

Funding

The comment from the Committee that Councils are under budgetary pressure with cost savings being sought is noted. Northland Inc is doing likewise and will continue to do so. While there are many calls upon us, we look to prioritise our efforts to get the best impact from available resources and provide impact for all our Council shareholders and WDC.

Currently we are looking at current programmes and funding for them – and have plans to discontinue them if needed. As above, we are also looking at scenarios where co-funding from Government may not be available and will scale back proposed activity accordingly if this occurs and alternate sources are not possible.

On an operational day to day basis, we manage our core funding carefully and actively seek to keep costs down – for example:

- many of our staff only work 3-4 days per week;
- defer purchasing vehicles until absolutely necessary;
- economise on equipment and supplies e.g. phones and laptops are usually bought refurbished
- upgrade premises ourselves i.e. painting the stairwell of the Orchard
- travel efficiencies
- generate increased rental income from the Orchard to offset operational costs

Overall, Northland Inc operates on a limited budget and keeps its costs as low as reasonably possible. We actively seek to minimise costs.

Moving Forward

We value the open, collaborative and positive relationship with our shareholders and look forward to continuing to deepen this relationship over time with our existing and new councilors and with our new JREDC. We also welcome WDC joining and contributing on an informal basis until their consultation process is completed.

Accordingly, we look forward to discussing the draft SOI and proposed KPI measures at our workshop on 23 February.

We are supportive of ways to further improve regional collaboration and leadership within the Joint CCO model and

NorthlandInc

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

believe that a joined up regional approach for economic development/destination marketing makes the biggest impact for Northland.

We are also of the view that this is the most effective way to advocate into Central Government for economic development/destination topics for Northland. We therefore thank all Northland Councils for their commitment and support.

We look forward to finalising our SOI together.

Heoi anō, ngā manaakitanga o te Runga Rawa ki a koe,

Suzanne Duncan
Chair



Paul Linton
Chief Executive Officer

Attachments
Draft Statement of Intent 2024-2027 including draft budget.



11 December 2023

Nicole Anderson and Paul Linton
Chair and Chief Executive Officer
Northland Inc Limited
PO Box 1762
Whangārei 0140

Sent by email: nicole@andersoninc.nz and paul.linton@northlandnz.com

Dear Nicole and Paul

Northland Inc Limited: Statement of Intent 2024-2027 – Letter of expectations

The purpose of this letter is, as the Joint Regional Economic Development Committee (Joint Committee) and therefore representing the shareholders of Northland Inc, to provide you with guidance on the Joint Committee's expectations regarding the development of Northland Inc's forthcoming Statement of Intent (SOI) 2024-2027.

In terms of timing for the SOI development, the statutory deadline requires Northland Inc to deliver a draft SOI on or before 1 March 2024. However, because we are seeking to align the draft SOI with our respective councils' Long Term Plan consultation documents, we kindly request that the draft be provided in early February.

We have a quarterly Joint Committee/Northland Inc workshop scheduled for 23 February 2024 at which we will be able to discuss the draft SOI. The Joint Committee will provide its comments back on the draft SOI by early April. Northland Inc. is required to deliver a board approved SOI on or before 30 June 2024.

As you are aware, Whangarei District Council (WDC) have decided that it will consult as part of their Long Term Plan 2024-2034 on becoming a joint shareholder of Northland Inc alongside the three other Northland local authorities. If WDC decide to become a shareholder following their consultation processes, this will result in a significant step forward in terms of the delivery of local government regional economic development services in Northland. We are working to provide opportunities for WDC to provide input into the SOI 2024-2027 process.

In preparing the draft SOI, the Joint Committee would like Northland Inc to consider the following comments which are set out by SOI section. As a general comment, Northland Inc should consider the direction set by Te Rerenga, Taitokerau Northland economic wellbeing pathway, when it is finally endorsed by the Joint Committee.



0800 002 004



www.nrc.govt.nz



info@nrc.govt.nz

Private Bag 9021, Whangārei 0148

SOI section	Comments
Context	<ul style="list-style-type: none"> • There will be five directors of Northland Inc as at 1 July 2024 as the Joint Committee has decided to not replace Nicole Anderson when her current term finishes on 30 June 2024. • In our view the Covid-19 and Cyclone Gabrielle events have: <ul style="list-style-type: none"> ○ shown Northland Inc to be an efficient mechanism for deliver of government funding into region; and ○ highlighted the need for greater emphasis on business resilience planning. • Be prepared to include WDC as an additional shareholder in the final board approved version pending a decision post their LTP 2024-2034 consultation.
Objectives	<ul style="list-style-type: none"> • The Joint Committee supports the direction of the proposed strategic framework presented at the JREDC/Northland Inc quarterly workshop on 28 September 2023. • We generally support the new wording of the Vision/Mission but suggest the Mission should include a reference to economic development. Nothing in the proposed Mission statement indicates that Northland Inc is an economic development organisation.
Activities	<ul style="list-style-type: none"> • We expect the SOI to clearly articulate what the distinction is between an enabler/core business (of which six are proposed in the strategic framework) and a strategic priority (of which four are proposed). • Furthermore, we note that having a total of ten activities is a major step up from the current six and the four that were in place in 2020 prior to the move to joint ownership. Is Northland Inc spreading itself to thin? We ask Northland Inc to carefully consider the resource implications of this, referencing our comments in the Finance section below.
KPIs	<ul style="list-style-type: none"> • The total number of KPIs in the current SOI 2023-2026 (i.e. 16) is about right. • The distinction between output and outcome indicators is useful to maintain, with emphasis given to outcome measures. • We would like to see a closer link between the description of objectives, activities and KPIs. This will make it easier to both explain the work of Northland Inc and assess performance. • In terms of specific indicators, we are anticipating Northland Inc to update the baseline carbon footprint from which reduction targets will be set. • We also ask that there be at least one KPI relating to supporting businesses meet climate adaptation targets set by central government.

Finance	<ul style="list-style-type: none">• Councils are under budgetary pressure, and each is looking for efficiencies and cost savings in their own budgets. We request Northland Inc to do likewise. While we do not expect this to be written into the SOI itself, we would like to have a response to this comment included in a letter provided alongside the draft SOI received in early February.• In terms of the operation funding request, the current shareholders will be contributing an additional \$167k into the IGR for 2024/25 year, with the potential for WDC contributing an additional \$375k. As we have referenced before, the Joint Committee do not want this all allocated to Northland Inc operational funding. We would like to have a reasonable quantum of funding left in the IGR to enable an allocation of funding through the Enabling Investment category to projects in the region. The Joint Committee view it as strategically important to have funding available so that it could co-fund into project opportunities with the new government.
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As the first year of the current Joint Committee comes to an end, I would like to thank Northland Inc for the valuable insight and support that it has provided to the Joint Committee. We look forward to another productive year in 2024. While there are many challenges ahead, I believe that our work together can lift the economic wellbeing of all Northlanders.

Yours sincerely



FNDC Cr John Vujcich
Chair of Joint Regional Economic Development Committee

CC FNDC Cr Penetaui Kleskovic (Deputy Chair), KDC Mayor Craig Jepson, KDC Deputy Mayor Jonathan Larson, NRC Chair Geoff Crawford and NRC Deputy Chair Tui Shortland

TITLE: Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway - Additional funding for completion

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

Authorised by Group Manager/s: Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on 16 February 2024

Executive summary/Whakarāpopototanga

At its meeting on 30 November 2023, the Joint Regional Economic Development Committee (Joint Committee) instructed the Chief Executive of Northland Inc to provide a request for minor additional funding to allow for the completion of Te Rerenga: Te Taitokerau Northland Economic Wellbeing Pathway. A request for \$10,000 (excluding GST) has been provided (**Attachment 1**).

The purpose of this paper is to seek agreement from the Joint Committee to allocate \$10,000 from the Project Development category of the Investment and Growth Reserve (IGR) to Northland Inc. This follows an initial contribution of \$80,000 allocated from the Enabling Investment category of the IGR at the meeting of the Joint Committee on 30 September 2021. A total of \$200,000 has been provided to Northland Inc to develop Te Rerenga, with the Ministry of Social Development (\$100,000) and Whangarei District Council (\$20,000) contributing alongside the Joint Committee.

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 Project Development funding from the IGR as agreed to by Northland Regional Council (NRC) on 22 June 2021 (**Attachment 2**). 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 the Joint Committee agrees to the allocation of funding to support the finalisation of Te Rerenga. Representatives from Northland Inc will be in attendance to answer any questions regarding this funding request and provide an update on progress with finalising Te Rerenga.

Recommendation(s)

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

Options

No.	Option	Advantages	Disadvantages
1	Allocate \$10,000 in funding	Provides support for the finalisation of Te Rerenga	Reduces the funding available in the IGR to allocate to other projects

No.	Option	Advantages	Disadvantages
2	Not allocate funding	Maintains funding in the IGR to allocate to other projects	Finalisation of Te Rerenga will not occur

The staff's recommended option is Option 1, to allocate \$10,000 (excluding GST). This allocation will enable Northland Inc to finalise Te Rerenga, bringing to completion a considerable body of work that was been undertaken over the past two years.

Considerations

1. Climate Impact

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

2. Environmental Impact

There are no environmental risks associated with this decision. Te Rerenga strives to take an intergenerational view of key issues, with the goal to enable transformational change and better outcomes for the community now and into the future. While the strategy focuses on economic development, it supports other pieces of work that foster a pathway to environmental sustainability, social prosperity, and wellbeing.

3. Community views

There is an expectation by some in the community that Te Rerenga will be finalised. Considerable input and feedback has been sought from a wide range of partners and stakeholders in drafting Te Rerenga. A Steering Group was assembled by Northland Inc to assist with the development of the document. The Steering Group included representatives from Te Kahu o Taonui and Whāriki, as well as Northland business and community leaders. Engagement across the region gathered insights from business and industry sectors, local and central government, Māori, community including youth, workforce and education.

4. Māori impact statement

Te Rerenga was developed in collaboration, including co-authoring, with Māori. There is an expectation that it will be finalised.

5. Financial implications

Table 1 sets out the forecast cash flow balance of the IGR based on current funding commitments, detailing income and withdrawals for the various committed projects and funding for the operation of Northland Inc. Each year \$300k is budgeted for Project Development. If it is not spent, it remains in the IGR and so be available for spending in following year. The annual budget of \$300k has never been fully spent; with an average annual spend of \$170k over the five-year period 2018/19 to 2022/23. In its request for funding Northland Inc indicate that it will not be spending the total budget of \$300k in 2023/24. Allocating \$10,000 from the Project Development category for the completion of Te Rerenga is financially possible.

**Table 1. Investment and Growth Reserve cash flow balance
based on current funding commitments**

\$000			
	Financial year		
	Actual		Forecast
	2021/22	2022/23	2023/24
Investment and Growth Reserve			
Opening Balance	\$533	\$80	\$188
Deposits			
Northland Regional Council	\$1,864	\$1,897	\$1,937
Far North District Council	\$82	\$169	\$246
Kaipara District Council	\$29	\$61	\$89
Total local government contribution	\$1,975	\$2,127	\$2,272
Other revenue ¹	-\$3	\$9	\$0
Total deposits	\$1,972	\$2,136	\$2,272
Withdrawals			
Northland Inc operational expenditure funding	\$1,637	\$1,824	\$1,972
Project Development ²	\$175	\$144	\$300
Enabling Investment ³	\$613	\$60	\$150
Total withdrawals	\$2,424	\$2,028	\$2,422
Closing Balance	\$80	\$188	\$38

Notes

1. Other revenue includes interest earned on the IGR. Final 2023/24 "Other revenue" value to be confirmed as part of NRC annual reporting.

2. The IGR criteria provides for up to \$300k 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, i.e. \$156k unspent in 2022/23 became available for 2023/24. Project Development expenditure of \$144k in 2022/23 comprises:

* \$25k for strategic review of the Hundertwasser Art Centre operating model and marketing programme

* \$15k for a Dargaville accommodation demand study

* \$104k under the Ngāwhā underwrite agreement (request currently being processed by NRC)

3. For 2022/23, \$60k was allocated in September 2022 for the Grow Northland project. For 2023/24, \$150k was allocated in June 2023 for the Tūpūtupu Grow Northland Initiative.

6. Implementation issues

Northland Inc will be responsible for finalising Te Rerenga. The request for additional funding sets out a timeline for completion by the end of March 2024.

7. Significance and engagement

In relation to section 79 of the Local Government Act 2002, this decision is of low significance when assessed against Northland Regional Council's significance and engagement policy (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

Making this decision is inconsistent with the criteria and procedures for the allocation of funding from the IGR (IGR criteria) approved by NRC on 22 June 2021. The 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 \$80,000 be provided as Project Development funding.


The decision is inconsistent with the IGR criteria because the scope of work that is being proposed, the preparation of a regional economic development strategy, is outside the type of projects that are eligible for Project Development funding. Specifically, clause 5(a) of the IGR criteria states that "Project Development funding cannot be used to fund the preparation of a strategy".


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 criteria for Project Development category.

Background/Tuhinga

Not applicable.

Attachments/Ngā tapirihanga

Attachment 1: Te Rerenga - additional funding request from Northland Inc [↓](#) 

Attachment 2: Criteria and procedures for the allocation of funding from the Investment and Growth Reserve [↓](#) 



Memo

Growing Northland's Economy

Kia tupu ai te ōhanga o Te Tai Tokerau

To: Joint Regional Economic Development Committee
From: Paul Linton, CE, Northland Inc
Subject: Strategy Funding Request
Date: 2 February 2024

Purpose

This request is for minor additional funding of \$10k from the Joint Regional Economic Development Committee. The purpose of the funding is to allow the process for the Regional Economic Development Strategy Te Rerenga to be completed by Northland Inc. The output will complete this exercise and the document provides an overarching vision for further detailed investment and implementation.

Background

At the Joint Regional Economic Development Committee Meeting held in the Kaipara District Council, Mangawhai on Thursday 30 November 2023, the following recommendations were carried for Item 5.4 Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway, a report from Darryl Jones, Economist.

Moved (Larsen/Kleskovic)

1. That the report 'Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway' by Darryl Jones, Economist and dated 17 November 2023 be received.
2. That the Te Rerenga: Taitokerau Northland Economic Wellbeing Pathway document be received.
3. That JREDC thank the steering group for their participation in the development of the Te Rerenga document.
4. That JREDC, Te Rerenga steering group co-chairs, and Northland Inc. Board of Directors work together to refine and finalise this document.
5. That JREDC instructs the CE of Northland Inc. to provide a request for minor additional funding to allow this process to be completed.

This request is as per the instruction of recommendation five.

Recommendation four instructs JRED Committee, Te Rerenga Steering Group Co-Chairs, and Northland Inc. Board of Directors to work together to refine and finalise the economic development strategy for Northland. The effect of the delayed decision to finalise the Te Rerenga reports, has resulted in funding being required to keep the team together to conclude the process of document review, planning, and launch. Additionally, it will require remuneration for Steering members involved in the review.

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. There are three avenues for funding through the Investment and Growth Reserve – Operational funding (agreed through the statement of Intent process), Project Development funding (\$300k annual allocation) and Enabling Investments (things that lift economic performance).

In our view this funding request aligns with the strategic intent of the use of the Investment and Growth Reserve and best aligns with the Project Development Funding category in terms of the activity being undertaken but we acknowledge that it is not strictly in accordance with the criteria.

As this is a request from the shareholder it is recommended to approve the funding and that this be allocated from within the project development funding category. For clarity there are sufficient funds available in this year allocation of project development funding to support this funding request and in principle the Northland Inc Board supports this request.

Processes are outlined below:

Process	Description	Timing
Finalise Strategy	JREDC, Te Rerenga Steering Group co-chairs, and Northland Inc. Board of Directors work together to refine and finalise the economic development strategy for Northland	By 23 February 2024
Comms	Planning of comms and social media awareness posts, update website	Feb/Mar 2024
Launch	Planning - confirm scope including outcome/s, audiences/s, comms, presentations, timings, location/s Delivery – launch delivered	Feb/Mar 2024
High Level Implementation Plan	High-level Implementation Plan – Set out high level implementation plan	Mar 2024

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: Joint delivery of economic development: Documents required for Whangarei District Council participation

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

Authorised by Group Manager/s: Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on 16 February 2024

Whakarāpopototanga / Executive summary

Whangarei District Council (WDC) will be consulting as part of their 2024-2034 Long Term Plan (LTP) on the matter of becoming a shareholder in Northland Inc and financially contributing to the Investment and Growth Reserve (IGR). While deliberation on the consultation does not take place until May 2024 it is considered prudent to develop the necessary documentation so that the transition to WDC participation in the joint ownership of Northland Inc and the other matters associated with the joint delivery of regional economic development services between the councils can occur as quickly as possible following the adoption of the Long Term Plans (assuming a positive deliberation decision is made).

There are two documents that will need to be revised:

1. Shareholders Agreement for Northland Inc Limited (**Attachment 1**); and
2. Terms of Reference for the Joint Regional Economic Development Committee (**Attachment 2**)

In addition, it may be an opportune time to make any changes to two other documents,

3. Constitution of Northland Inc (Schedule 2 of Attachment 1); and
4. Criteria and procedures for the allocation of funding from the IGR (**Attachment 3**)

All four councils will need to approve the changes to the first three documents (if applicable). The fourth document needs approval only by Northland Regional Council (NRC) as it holds the IGR within its financial system on behalf of the Joint Committee/shareholder councils. At the same time the three current shareholders – the Far North District Council, Kaipara District Council and NRC – will be asked to agree to the sale of 10 shares to WDC, and WDC asked to purchase 10 shares from each of the councils.

It is proposed that these council decisions be made at the same meetings at which the respective councils' 2024-2034 Long Term Plans are approved or at a later council meeting in June. This will enable the move to joint ownership to be effective 1 July 2024.

The following table lists the changes staff consider necessary to the four documents.

Document	Change required
1. Shareholders Agreement	Section 11 re WDC participation – change to outline what happens if WDC decide to pull out post their review Section 7.1(c) – add a ceiling \$ amount for these contracts (issue of five-year lease agreement for photocopiers and smart-screens that required Joint Committee approval at its meeting on 10 March 2023)

2. TOR of joint council committee	Add WDC to committee membership, able to appoint two members and one alternative Remove comment about inaugural Chair being an elected member from NRC Opportunity for third party / non-shareholder membership
3. Constitution of Northland Inc Limited	None proposed
4. IGR criteria	None proposed

The Joint Committee is invited to discuss these documents and the changes identified.

In terms of next steps, revised documents and the necessary share sale and purchase agreements will be provided to the Joint Committee meeting on 5 April 2024. Agreement will be sought at that meeting for the Joint Committee to request their respective councils agree to the changes if WDC agree to participate in the joint ownership of Northland Inc.

Ngā mahi tūtohutia / Recommendation

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

Background/Tuhinga


As detailed in their decision on 28 September 2023, WDC will be consulting in their 2024-2034 LTP for a two-year funding commitment of \$475k in 2024/25 and \$587k in 2025/26 with any further funding commitment dependent on the outcome of a review of the operational process and proposed benefits to WDC.

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

Attachments/Ngā tapirihanga

Attachment 1: Shareholder's Agreement for Northland Inc Limited (including constitution) [↓](#) 

Attachment 2: Terms of Reference for the Joint Regional Economic Development Committee [↓](#) 

Attachment 3: Criteria and procedures for the allocation of funding from the IGR [↓](#) 



Shareholders' Agreement

Northland Inc Limited

www.wynnwilliams.co.nz

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CHRISTCHURCH Wynn Williams House, Level 5, 47 Hereford Street, Christchurch | PO Box 4341, DX WX11179, Christchurch 8140, New Zealand

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Shareholders' Agreement

Dated the 1st day of July 2021

Parties

Northland Regional Council

Far North District Council

Kaipara District Council

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

Introduction

This agreement sets out the terms between the Parties in relation to the management and ownership of the Company and the Activities, and the rights and obligations of the Shareholders. As at the date of this agreement, each of Northland Regional Council, Far North District Council and Kaipara District Council own 40 fully paid up ordinary shares in the capital of the Company.

Agreed Terms

1. Definitions and Interpretation

1.1 Definitions

The following definitions apply in this agreement:

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

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

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

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

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

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

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

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

WYNNWILLIAMS

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

Companies Act means the Companies Act 1993.

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

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

Constitution means the constitution of the Company, as set out in schedule 2.

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

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

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

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

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

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

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

Encumbrance means:

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

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

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

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

FMCA means the Financial Markets Conduct Act 2013.

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

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

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

- (a) all copyright (including in source code and object code), know-how, trade secrets, methods (including business methods), technical and non-technical information, processes and procedures (including management processes and procedures), rights in databases, characteristics, trade marks, trade names, business names, domain names, inventions, patent rights, design rights, discoveries, algorithms and formulae;
- (b) all designs (including software and website designs), design details and specifications, concepts, evaluations (including risk evaluations), models and presentation materials, working drawings, sketches and photographs;

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- (c) all improvements, enhancements, modifications or adaptations to any of the foregoing rights, including those created by or on behalf of any Party;
- (d) the right to sue for passing off;
- (e) all allied, similar and associated rights, whether registered or unregistered, registrable or unregistrable; and
- (f) all applications to register, and any renewals of, any of the foregoing rights.

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

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

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

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

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

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

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

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

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

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

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

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

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

Related Parties means, in relation to a Party:

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

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

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

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

Shares means fully paid ordinary shares in the Company.

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

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

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

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

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

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

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

WDC means Whangarei District Council.

1.2 Interpretation

The following rules of interpretation apply in this agreement:

- (a) References to **persons** include natural persons, companies, and any other body corporates (wherever incorporated) and unincorporated bodies (wherever formed).
- (b) References to the **Parties** include their respective executors, administrators, successors and permitted assignees.
- (c) All **headings** and **subheadings** have been inserted for convenience only and will not affect the interpretation of this agreement.
- (d) References to **this agreement** means this agreement, including its schedules and introduction, as amended and/or replaced from time to time.
- (e) References to **clauses** and **schedules** are to those in this agreement, except where specified otherwise.
- (f) References to a **paragraph** in a schedule is to a paragraph of that schedule.
- (g) References to the words **including**, **include** or similar words do not imply any limitation and are deemed to have the words **without limitation** following them.
- (h) A **gender** includes each other gender and the **singular** includes the plural and vice versa.
- (i) An obligation **not to do anything** includes an obligation not to suffer, permit or cause that thing to be done.
- (j) References to **time** and **dates** are to time and dates in New Zealand.
- (k) References to a **statute** or **statutory provision** means a New Zealand statute or statutory provision as amended, consolidated and/or replaced from time to time.
- (l) References to **\$** are references to New Zealand dollars.
- (m) References to **written** or **in writing** shall include all modes of presenting or reproducing words, figures and symbols in a visible form (including via email).

- (n) No **rule of construction** (including the contra proferentem rule) applies to the disadvantage of a Party because that Party (or its relevant advisor) was responsible for the preparation of this agreement or any part of it.

2. The Activities

2.1 Primary objective

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

2.2 Conduct of the Company

The Activities will be conducted in accordance with this agreement and on the basis of the Statement of Intent, noting that the Company is intending to benefit the Northland community and not to make a profit.

2.3 Special resolution to adopt Constitution

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

3. Parties' Rights and Obligations

3.1 Rights attaching to Shares

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

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

3.2 General obligations

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

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

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

3.3 **Obligations of the Company**

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

4. **Directors**

4.1 **Appointment and removal of Directors**

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

4.2 **Term of Appointment**

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

4.3 **Notice requirement**

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

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

The Joint Committee must procure that each Director:

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

5. **The Board**

5.1 **Powers of the Board**

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

5.2 **Delegated authorities**

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

5.3 **Board meetings**

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

5.4 **Notice of Board meetings**

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

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

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

5.5 Board Quorum

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

5.6 Manner of holding Board meetings

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

5.7 Lack of Board Quorum and adjournment

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

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

5.8 Chairperson

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

5.9 Voting at Board meetings

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

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

5.10 Written Board resolutions

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

6. Shareholders' Meetings

6.1 Proceedings at Shareholders' meetings

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

6.2 Quorum of Shareholders

For the purposes of clause 6.1, **quorum of Shareholders** means such number of Shareholders who between them are able to pass any resolutions to be submitted at a Shareholders' meeting.

7. Joint Committee Approval

7.1 Matters requiring Joint Committee Approval

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

- (a) **Significant financial commitments:** The entry into any financial commitment exceeding \$500,000.
- (b) **Significant asset acquisitions and disposals:** The acquisition or disposition of any assets valued in excess of \$100,000.
- (c) **Long term contracts:** The entry into any agreements involving a term exceeding 3 years.
- (d) **Remuneration of Directors:** The remuneration of Directors, and any increase in the remuneration of such persons.
- (e) **Changes to the Activities:** Any changes to the Activities or the way the Activities are conducted, operated or carried on.
- (f) **Loans:** The making or providing of any loan or other financial facility.
- (g) **Incurring debt:** The incurring of any indebtedness or obligation in the nature of borrowing under any loan, guarantee or other financial facility.
- (h) **Establishing a subsidiary:** the establishment of a subsidiary as defined in the Companies Act.
- (i) **Issuing New Securities:** The issue of any New Securities.

7.2 Major transactions

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

7.3 Pre-approval in Statement of Intent

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

8. Group Governance

8.1 Subsidiaries

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

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agreement.

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

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

8.3 The board of Group Companies

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

9. Issue of New Securities

9.1 Pre-emptive rights

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

9.2 Offers of New Securities

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

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

9.3 FMCA Disclosure Exemption

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

9.4 Subscription Applications

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

- (a) **Number of New Securities desired:** The number of New Securities that the Shareholder wishes to subscribe for, which may be all or part of the Shareholder's Pro-rata Entitlement.

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- (b) **Additional New Securities:** Whether the Shareholder is willing to subscribe for New Securities in excess of its Pro-rata Entitlement, and, if so, the number of additional New Securities that it is willing to subscribe for.

9.5 Deemed rejection of offer

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

9.6 Allocation of New Securities

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

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

9.7 Notice of allocation of New Securities

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

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

9.8 Issue of New Securities to third parties

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

9.9 Deed of Accession

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

9.10 Exclusion of pre-emptive rights

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

- (a) **unanimous written agreement of all Shareholders:** all of the Shareholders agree in writing;



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

10. Share Transfer Restrictions

10.1 Pre-emptive rights on the transfer of Shares

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

10.2 Transfer Notice

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

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

10.3 Offer of Transfer Shares

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

- (a) **Transfer Notice contents:** The contents of the Transfer Notice.
- (b) **Pro-rata Entitlements:** The Pro-rata Entitlement of each Shareholder in respect of the Transfer Shares on offer.
- (c) **Invitation:** An invitation for those Shareholders to:
 - (i) apply to purchase the Transfer Shares at the sale price specified in the Offer Notice; and
 - (ii) indicate if they are willing to purchase Transfer Shares in excess of their Pro-rata Entitlement, and, if so, the number of additional Transfer Shares that they are willing to purchase.
- (d) **Offer Expiry Date:** The Offer Expiry Date, which must be determined by the Board and be at least 20 Business Days after the date of the Offer Notice.
- (e) **Competition for Transfer Shares:** A statement that, if there is competition for the Transfer Shares among the Shareholders, the Transfer Shares will be allocated on the basis set out in clause 10.7.

10.4 FMCA Disclosure Exemption

It may be a condition of any offer of Transfer Shares under this clause 10 that each Shareholder accepting such offer must provide evidence reasonably satisfactory to the Board that an FMCA Disclosure Exemption applies to it. For the avoidance of doubt, any offer which includes this

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condition will satisfy the pre-emptive requirements in this clause 10 notwithstanding that some Shareholders may not be eligible to accept such offer.

10.5 Purchase Applications

Following receipt of an Offer Notice, any Remaining Shareholder may make an irrevocable Purchase Application to the Board on or before the Offer Expiry Date. Each Purchase Application must state:

- (a) **Number of Transfer Shares desired:** the number of Transfer Shares that the Remaining Shareholder wishes to purchase, which may be all or part of the Shareholder's Pro-rata Entitlement; and
- (b) **Additional Transfer Shareholders:** whether the Remaining Shareholder is willing to purchase Transfer Shares in excess of its Pro-rata Entitlement, and, if so, the number of additional Transfer Shares that it is willing to purchase.

10.6 Deemed rejection of offer

If no Purchase Application has been received by the Board from a Remaining Shareholder by 5.00pm on the Offer Expiry Date, that Remaining Shareholder will be deemed to have rejected the offer set out in the Offer Notice in full.

10.7 Allocation of Transfer Shares

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

- (a) **Pro-rata Entitlement:** The Shareholders that applied for all or less than their Pro-rata Entitlement of Transfer Shares shall be allocated the Transfer Shares applied for in their Purchase Application.
- (b) **Excess Transfer Shares:** The Shareholders that stated in their Purchase Application that they wish to purchase a specific number of Transfer Shares in excess of their Pro-rata Entitlement shall be allocated any remaining Transfer Shares that have not been allocated under clause 10.7(a) according to the proportion that such Shareholder's Shares bear to the aggregate number of Shares of all Shareholders that wish to purchase Transfer Shares in excess of their Pro-Rata Entitlement, provided that no Shareholder shall be allocated more Transfer Shares than it applied for.
- (c) **Rounding:** Fractional entitlements shall be rounded to the nearest whole number of Transfer Shares.

10.8 Notice of allocation of Transfer Shares

No later than five Business Days after the Board has made the allocations of Transfer Shares under clause 10.7, and provided that the Minimum Transfer Condition (if any) has been satisfied or waived in writing by the Transferor, the Board must notify each Shareholder that has made a Purchase Application of:

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

10.9 Company buyback right

Following completion of the procedure set out in clauses 10.1 to 10.8, if not all of the Transfer Shares have been accepted for purchase by the Shareholders in accordance with those provisions,

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or if the Minimum Transfer Condition has not been satisfied, the Company may, subject to the Companies Act and no later than 10 Business Days after the Offer Expiry Date, purchase and cancel or hold as treasury stock, any or all of the Transfer Shares not accepted for purchase at a price of \$2 per Share.

10.10 Transfer to a third party

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

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

10.11 Exclusion of pre-emptive rights

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

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

11. Whangarei District Council

If at any point after the date of this agreement WDC serves a written notice on the Company that they wish to become a shareholder of the Company (**WDC Notice**), each shareholder shall transfer such amount of Shares (being the same amount of Shares for each Shareholder) as required to ensure that WDC becomes an equal shareholder in the Company at a price of \$2 per share (**Transfer**). Subject to WDC providing the Company with a duly executed Deed of Accession, the Transfer will occur on the date that is 10 Business Days from receipt of the WDC Notice.

12. Completion of Share Transfers

12.1 Completion

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

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

12.2 Registration of Share transfers

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

12.3 Limited release

Once a transfer of all of a Shareholder's Shares has been registered in the Share Register, that Shareholder will cease to be bound by this agreement. Notwithstanding this, such transfer will not

affect any accrued rights or obligations of any Shareholder, nor will it affect any provision in this agreement which comes into force on, or continues in force, after the transfer.

13. Common Purpose

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

14. Intellectual Property

14.1 Ownership

The Parties agree that all Intellectual Property:

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

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

14.2 Enforcement of title

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

14.3 Enduring effect

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

15. Provision of Accounts and Information

15.1 Financial information

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

15.2 Disclosure of information by Shareholder appointed Directors

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

16. Dividends and Distributions

16.1 Dividend and Distribution policy

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

16.2 Solvency requirements for Dividends and Distribution

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

17. Default

17.1 Events of Default

The following events shall each constitute an Event of Default:

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

17.2 Notice of Event of Default

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

17.3 Information regarding Event of Default and requirement to remedy

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

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

17.4 Defaulting Party

For such time as the Event of Default is continuing:

- (a) the Defaulting Party shall not be entitled to exercise any vote in connection with its Shares or give or withhold any consent or other approval contemplated by this agreement;
- (b) any Director appointed by the Defaulting Party shall not be entitled to exercise any vote at a meeting of the Board and, for the avoidance of doubt, any of the matters or transactions

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subject to clause 5 may be undertaken without the need to obtain the approval of any such Director.

17.5 Mandatory sale

Unless the Parties agree otherwise in writing, if:

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

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

17.6 Terms of sale

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

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

18. Dispute Resolution

18.1 Negotiation

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

18.2 Mediation

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

- (a) **Mediation Protocol:** The mediation shall be conducted in accordance with the Mediation Protocol of AMINZ then in force (or any protocol or mediation agreement which replaces it).
- (b) **Mediator:** The mediation shall be conducted by a mediator and at a fee agreed in writing by the Disputing Parties. Failing agreement between the Disputing Parties within 10 Business Days of the giving of the notice requiring mediation, the mediator will be selected and his or her fee determined by the chairperson for the time being of AMINZ (or his or her nominee).
- (c) **Location:** The mediation shall take place in Northland, New Zealand at such address as determined by the mediator, provided that any Disputing Party may, if permitted by the mediator, attend via telephone conference, video conference or any similar means of electronic, audio or audio-visual communication.

- (d) **Settlement:** If the Dispute is settled at or following mediation under this clause 18.2, such settlement shall be recorded in writing and be signed by the Disputing Parties, whereupon it shall be final and binding on the Disputing Parties.
- (e) **Costs:** The costs of the mediation, excluding the Disputing Parties' own legal and preparation costs, will be shared equally by the Disputing Parties.

18.3 Court or arbitration proceedings

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

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

19. Termination

19.1 Termination of this agreement

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

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

19.2 Accrued rights and obligations on termination

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

20. Relationship of the Parties

20.1 No partnership or agency

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

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

20.2 Shareholders are not liable for any other Party

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

20.3 No authority to bind

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

21. Prevailing Terms

21.1 Agreement prevails

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

21.2 Constitution to be consistent with this agreement

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

21.3 Actions required

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

21.4 No deemed amendments to the Constitution

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

22. Confidentiality

22.1 Confidentiality obligations

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

22.2 Disclosure to Related Parties

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

22.3 Limits on obligations

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

- (a) **prior written consent:** the other Parties all give their prior written consent to the disclosure of;
- (b) **required by law:** is required to be disclosed by law or any legislative or regulatory authority in any competent jurisdiction that has jurisdiction over the Party;
- (c) **listing rules and continuous disclosure:** is required to be disclosed or announced in accordance with the listing rules or continuous disclosure rules of any recognised securities exchange;
- (d) **necessary for performance:** is necessary to be disclosed to enable a Party to perform its

obligations under this agreement; or

- (e) **information in the public domain:** at the time of disclosure is in, or subsequently enters, the public domain otherwise than by breach of any duty of confidentiality under this agreement.

22.4 Enduring effect

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

23. Notices

23.1 Written notice

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

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

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

23.3 Deemed delivery

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

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

23.4 Delivery after 5.00pm or on non-Business days

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

24. General Provisions

24.1 Entire agreement

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

24.2 Capacity

Each Party warrants and represents to the others that:

- (a) **power and authority:** it has full power and authority to enter into this agreement;

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

24.3 **Assignment**

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

24.4 **No waiver**

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

24.5 **Amendments**

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

24.6 **Severability**

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

24.7 **Costs and expenses**

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

24.8 **Rights and remedies**

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

24.9 **Limitation of liability for trustees**

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

24.10 **Counterparts**

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

24.11 **Electronic signing**

Any Party may:

- (a) **Party's electronic signature:** sign this agreement by way of application of that Party's

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electronic signature; and

- (b) **witness' electronic signature:** have their signature witnessed by way of the application of the witness' electronic signature,

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

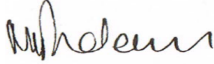
24.12 **Governing law and jurisdiction**

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

Signatures

Signed and delivered as a deed.

Signed for and on behalf of **Northland Inc Limited**



Director



Director

Signed for and on behalf of **Northland Regional Council**



Witness signature

Sheryl Bickers
Witness name

Onerahi, Whangarei
Witness address

Personal Assistant
Witness occupation



Signature

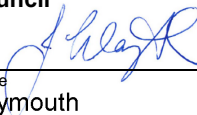
Penelope Fiona Smart

Name

Chair

Position

Signed for and on behalf of **Kaipara District Council**



Witness signature

Jackie Waymouth

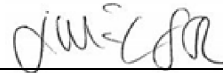
Witness name

c/- Kaipara District Council, 42 Hokianga Road, Dargaville

Witness address

Executive Assistant

Witness occupation



Signature

Dr Jason Smith

Name

Mayor

Position

Signed for and on behalf of **Far North District Council**



Witness signature

Deirdre Healy

C/O FNDC, Memorial Avenue, Kaikohe 0440

Executive Assistant



Hon John Carter QSO

Mayor FNDC

Position

Schedule 1 | Deed of Accession

Deed of Accession

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

Introduction

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

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

Terms of this Deed

1. Shareholders' Agreement

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

2. Accession

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

3. Contractual Privity

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

4. Governing Law and Jurisdiction

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

Execution

Signed and delivered as a deed.

[Insert execution clause for the New Shareholder.]

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Schedule 2 | Constitution



Constitution

Northland Inc Limited

www.wynnwilliams.co.nz

AUCKLAND Vero Centre, Level 25, 48 Shortland Street, Auckland 1010 | PO Box 2401, Shortland Street, Auckland 1140, New Zealand

CHRISTCHURCH Wynn Williams House, Level 5, 47 Hereford Street, Christchurch | PO Box 4341, DX WX11179, Christchurch 8140, New Zealand

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Constitution

1. Definitions and Interpretation

1.1 Definitions

The following definitions apply in this constitution:

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

Companies Act means the Companies Act 1993.

Company means Northland Inc Limited (company number 857377).

Deed of Accession means a deed of accession under which the person signing it agrees to become a party to, and be legally bound by the terms of, the Shareholders' Agreement.

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

Employee means any employee of the Company.

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

Northland Region means that region constituted by the Local Government (Northland Region) Reorganisation Order 1989.

Shares means shares in the Company.

Shareholder means any person whose name is entered in the Company's share register as the holder (whether individually or jointly) for the time being of at least one Share.

Shareholders' Agreement means the shareholders' agreement relating to the Company, dated on or about the date of adoption of this constitution and as amended and/or replaced from time to time.

1.2 Interpretation

The following rules of interpretation apply in this constitution:

- (c) **Persons:** References to persons include natural persons, companies and any other body corporates (wherever incorporated) and unincorporated bodies (wherever formed).
- (d) **Clauses:** References to clauses are to those in this constitution.
- (e) **Terms defined in the Companies Act:** Words or expressions defined in the Companies Act shall have the same meaning in this constitution, except where they are defined in clause 1.1.

1.3 Effect of the Companies Act on this constitution

The Company, the Board, and each Director and Shareholder shall have the rights, powers, duties and obligations set out in the Companies Act except to the extent that they are negated or modified, in accordance with the Companies Act, by this constitution and the Shareholders' Agreement (subject to clause 1.4).

1.4 Conflict with the Shareholders' Agreement

The provisions of this constitution shall be construed having regard to the terms of the Shareholders' Agreement, and to the extent that there is any conflict or inconsistency between the terms of this constitution and the Shareholders' Agreement, the provisions of the Shareholders' Agreement shall prevail unless a requirement of the Companies Act is mandatory.

1.5 Conflict with the Companies Act and this constitution

If there is any conflict or inconsistency between the provisions of this constitution and the

Companies Act, the Companies Act shall prevail.

1.6 **Effect of Council-Controlled Organisation status**

As a Council-Controlled Organisation the Company has the principal objective set out in section 59 of the Local Government Act 2002 and the objectives contained in its Statement of Intent that is required under section 64 of that Act. The Company will carry out its activities, whether within or outside Northland or New Zealand, to promote the Northland Region in order to benefit the community of that region and enhance the economic and social development of that region.

1.7 **Statement of Intent**

In preparing the Statement of Intent the Board must comply with its obligations under the Local Government Act 2002 and any further requirements, not inconsistent with the statutory obligations that are notified to the Board by local authority shareholders.

2. **Shares**

2.1 **Types of shares**

The Company may issue different classes of Shares, including Shares that:

- (f) **redeemable shares:** are redeemable within the meaning of section 68 of the Companies Act;
- (g) **preference shares:** confer preferential rights to distributions of capital or income;
- (h) **voting rights:** confer special, limited or conditional voting rights; or
- (i) **no voting rights:** do not confer voting rights.

2.2 **Rights attaching to Shares**

Subject to the Shareholders' Agreement, this constitution and the terms on which a Share is issued, a Share confers on the holder:

- (j) **right to vote:** the right to one vote on a poll at a meeting of Shareholders on any resolution, including any resolution to:
 - (i) appoint or remove a Director or an auditor;
 - (ii) adopt a constitution;
 - (iii) alter the constitution;
 - (iv) approve a major transaction;
 - (v) approve an amalgamation under the Companies Act; and
 - (vi) put the Company into liquidation;
- (k) **dividends:** the right to an equal share in dividends authorised in accordance with the Shareholders' Agreement; and
- (l) **distribution of surplus assets:** the right to an equal share in the distribution of the Company's surplus assets.

2.3 **Acquisition of own Shares**

The Company may purchase or acquire Shares issued by it from one or more Shareholders in accordance with sections 59 to 65, 107, 108 and 110 to 112 of the Companies Act.

2.4 **Treasury stock**

The Company may hold its own Shares in accordance with sections 67A to 67C of the Companies Act.

2.5 Fractional entitlements

Subject to the Shareholders' Agreement, the Board may deal with any fractional entitlements to Shares in such manner as the Board considers fair and reasonable and in the best interests of the Company.

3. Issue of New Securities

3.1 Pre-emptive rights

Section 45 of the Act will not apply to the Company. All New Securities must be issued by the Company in accordance with the pre-emptive rights and other restrictions in respect of the issue of New Securities set out in the Shareholders' Agreement.

3.2 Deed of Accession

The Board must not issue Shares to any person who is not a party to the Shareholders' Agreement unless such person signs and delivers to the Company a Deed of Accession.

4. Transfer of Shares

4.1 Pre-emptive rights

Any Shareholder that wishes or is required to transfer Shares must comply with the pre-emptive rights and other restrictions and obligations in relation to the transfer of Shares set out in the Shareholders' Agreement.

4.2 Deed of Accession

The Board must not register any transfer of Shares to any person who is not already a party to the Shareholders' Agreement unless such person signs and delivers to the Company a Deed of Accession.

4.3 Share transfers that do not comply with the Shareholders' Agreement

The Board must refuse to register a transfer of any Share if the transfer does not comply with the requirements of the Shareholders' Agreement.

5. Shareholders' Meetings

5.1 Proceedings at Shareholders' meetings

The provisions of schedule 1 of the Companies Act shall govern proceedings at Shareholders' meetings to the extent that any matter relating to Shareholders' meetings is not addressed by the Shareholders' Agreement.

5.2 Notice of Shareholders' meetings

In addition to any other methods permitted by the Companies Act, notice of Shareholders' meetings may be delivered to a Shareholder by email to the email addresses provided by that Shareholder for such purpose.

5.3 Annual meeting of Shareholders

The Board shall not be required to call, and the Company shall not be required to hold, an annual meeting of Shareholders if there is nothing required to be done at that meeting and the Board has resolved that it is in accordance with the interests of the Company in accordance with section 120 of the Act.

6. Directors

6.1 Appointment and removal of Directors

Directors may be appointed and removed by any person that has, or any persons that jointly have, the right to appoint and remove a Director or Directors under the Shareholders' Agreement.

7. The Board

7.1 Proceedings of the Board

The provisions of schedule 3 of the Companies Act shall govern proceedings of the Board to the extent that any matter relating to Board meetings is not addressed by the Shareholders' Agreement.

8. Directors' Remuneration

8.1 Remuneration to be authorised by the Board

Subject to the Shareholders' Agreement and also section 107(1)(f) of the Companies Act, the Board may authorise the payment of remuneration or the provision of other benefits by the Company to a Director for services as a Director, but only if the Board is satisfied that to do so is fair to the Company.

9. Dividends and Distributions

9.1 Board may authorise dividends and distributions

Subject to the Shareholders' Agreement, the Companies Act and this constitution, the Board may authorise a dividend or distribution by the Company at a time and of an amount that it thinks fit.

10. Indemnity and Insurance

10.1 Indemnifying Directors and Employees

The Company may indemnify a Director or Employee for any liability or costs for which a Director or Employee may be indemnified under the Companies Act.

10.2 Insuring Directors and Employees

The Company may effect insurance for a Director or Employee for any liability or costs that the Company may effect insurance for under the Companies Act.

10.3 Interpretation

In clauses 10.1 and 10.2:

- (m) **Director** includes a former Director and any director of any related company of the Company;
- (n) **Employee** includes a former Employee and any employee of any related company of the Company; and
- (o) **effect insurance** includes to pay, whether directly or indirectly, the costs of the insurance.

11. Method of Contracting

11.1 Deeds

A deed which is to be entered into by the Company may be signed on behalf of the Company:

- (p) **two or more Directors:** by two or more Directors;

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- (q) **only Director in office, with a witness:** if there is only one Director, by that Director whose signature must be witnessed;
- (r) **attorneys:** by one or more attorneys appointed by the Company in accordance with section 181 of the Companies Act.

11.2 Other written contracts

An obligation which, if entered into by a natural person, is by law, required to be in writing, may be entered into on behalf of the Company in writing by a person acting under the Company's express or implied authority.

11.3 Other obligations

An obligation which, if entered into by a natural person, is not, by law, required to be in writing, may be entered into on behalf of the Company in writing or orally by a person acting under the Company's express or implied authority.

12. Alteration or Revocation of this Constitution

12.1 Alteration or revocation

Subject to the Shareholders' Agreement, the Shareholders may only alter or revoke this constitution by a resolution passed by all of the Shareholders.

13. Third Party Reliance

13.1 Compliance with the Shareholders' Agreement

Wherever this constitution refers to a matter that requires or contemplates compliance with the provisions of the Shareholders' Agreement, a person who is not a party to that agreement may rely conclusively on a document signed by a Director stating that there has been such compliance.

Joint Regional Economic Development Committee Terms of Reference¹

Background

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

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

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

Membership

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

The committee shall have six members as follows:

Two elected members from:	Kaipara District Council
	Far North District Council
	Northland Regional Council

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

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

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

Role and Responsibilities

- 1) All responsibilities, duties and powers of a local authority as a shareholder in Northland Inc. Limited are, as far as legally possible, delegated to the committee. For avoidance of doubt, a meeting of the committee is not a meeting of shareholders under the Companies Act 1993.

¹ Approved by NRC at its meeting on 22 June 2021, FNDC on 24 June 2021 and KDC on 30 June 2021.

- 2) Make funding allocations from the Investment and Growth Reserve (IGR) administered by Northland Regional Council.
- 3) Receive advice and provide direction and support to economic development in Te Taitokerau.
- 4) Make recommendations to member councils to ensure a consistent regional approach is applied and adopted to economic development activities.
- 5) Act collectively as an advocate for regional economic development generally and within the individual bodies represented on the committee.
- 6) Ensure the bodies represented on the committee are informed of economic development activities in Te Taitokerau.

Status

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

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

The committee shall operate under Northland Regional Council Standing Orders.

Joint Committee not discharged at triennial elections

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

Committee Chair and Deputy Chair:

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

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

Meetings

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

Quorum

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

Decision making

The committee will endeavour to make all decisions by consensus, i.e. 100%. However, if consensus cannot be reached, matters will be decided by a simple majority of the votes cast by the members present. For the avoidance of doubt the Chair shall not have a casting vote at committee meetings.

Service of meetings

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

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

Northland Inc Limited can request the committee hold a confidential committee meeting for discussion about commercially sensitive matters, subject to this request meeting the requirements of section 7(2) of the Local Government Official Information and Meetings Act. Any report submitted by Northland Inc needs to be accompanied by council management advice to the committee.

Remuneration

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

Amendments

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

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: Update on activities
From: Darryl Jones, Economist and Avinash Govind, Economic Policy Advisor
Authorised by Group Manager/s: Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on 16 February 2024

Whakarāpopototanga / Executive summary

The purpose of this agenda item is for Northland Inc Limited to provide an update to the Joint Regional Economic Development Committee (Joint Committee) on activities undertaken since the last meeting of the Joint Committee on 30 November 2023. The update will include the following items.

Economic Development Agency Primary Sector Workshops

Northland Inc is hosting Venture Taranaki, Great South and Timaru economic development agencies staff with roles in the primary sector to spend a few days learning from each other about our roles supporting the primary sector. The visit is occurring from 20-22 February and is funded through AGMARDT.

Brynderwyns Update

Update on project in terms of planned closure as well as update on marketing campaign

Destination Management

Update on current Regional Events Fund (REF) round, International and Domestic Marketing activity and Cruise Ship into Whangārei

Business Innovation and Growth

Snapshot of business engagements occurring around the region

Cyclone Gabrielle Business Recovery Work

Update on the implementation programme for the business recovery / resilience support work

Shared Food Manufacturing / Food North

An update on the progress of the business case and use of Project Development Funding towards this work

Peanuts

Update on current growing programme and engagement with stakeholders about future industry development

Ngā mahi tūtohutia / Recommendation

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

Background/Tuhinga

Not applicable.

Attachments/Ngā tapirihanga

Nil

TITLE: Annual Economic Update for the year ended March 2023

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

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 16 February 2024

Whakarāpopototanga / Executive summary

The purpose of this report is to provide the Joint Regional Economic Development Committee (Joint Committee) with the latest information available on Infometrics' online Regional Economic Profile (REP). The REP is updated at the beginning of each calendar year. Avinash Govind will present some of the important trends from the latest release which provides data for the year ended March 2023.

The REP provides an in-depth description of a region or district's economic structure and performance over time. It combines a comprehensive, robust set of economic data with a dynamic and interactive web-based interface. The REP covers a wide range of topics including GDP, employment, unemployment, productivity, standard of living, population, wellbeing, skills, businesses, and tourism. A two-page Infographic highlights some of the information available (**Attachments 1-4**). The Northland region REP is available at <https://rep.infometrics.co.nz/northland-region>, from which separate REPs for the three districts can be accessed from the drop-down menu at the top.

The REP also has information at the sub-territorial authority level, providing data on GDP, employment, businesses, and population at the SA2 and SA3 levels. SA3 is a type of geographic region which is smaller than Territorial Authorities and has been designed by Statistic NZ to represent communities, at the approximate level of suburbs.

The presentation will primarily focus on five areas:

- The impact of the Marsden Point Refinery closure on the geographic distribution of employment and GDP growth throughout the region
- The impact of the Marsden Point Refinery closure on the growth of different sectors within the region's economy
- The impact of inflationary and interest-rate pressures on households
- Employment and benefit trends in the region, compared to New Zealand, as a whole
- Population and business demographic growth rates in different parts of the region, with a focus on rural-urban differences

Ngā mahi tūtohutia / Recommendation

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

Background/Tuhinga

The twelve months to March 2023 were challenging for households and businesses across Northland. Inflationary pressures ate away modest wage gains; the Reserve Bank's hawkish posture

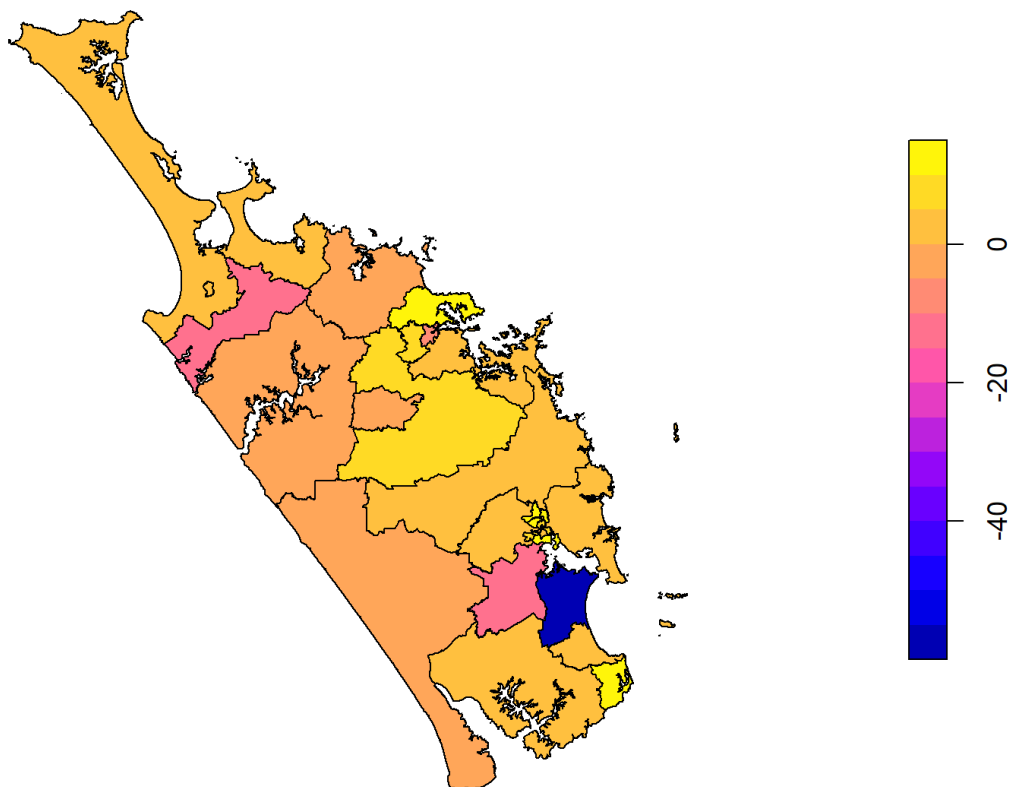
on interest rate drove up mortgage and rental costs; and the closure of refining activities at Marsden Point in May 2022 resulted in a reduction in economic activity and the loss of many jobs.

As New Zealand experienced an economic growth rate of 2.8% and watched its unemployment rate fall by 0.1 percentage points, the Northland economy contracted by 2.5% and the unemployment rate rose by half a percentage point.

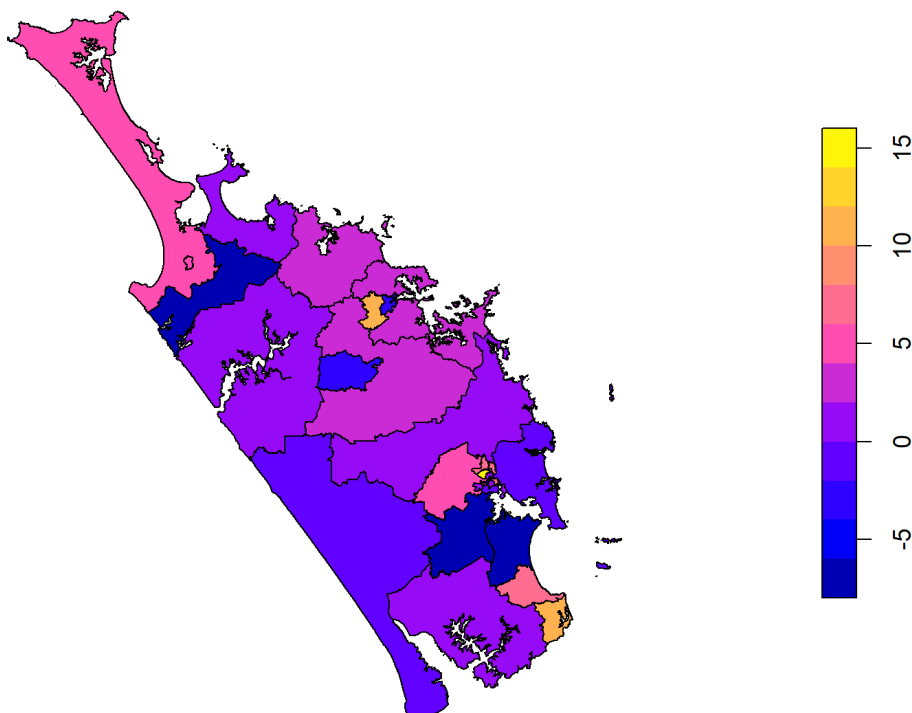
On a regional, macro-economic level, things weren't going great in Northland. But this isn't to say that there were no positive socio-economic developments over that period. The total number of filled jobs in Northland rose by 1.6%. Pockets of growth across a variety of sectors and sub-regional areas drove wage increases that nearly matched the national average, helping to drive a decrease in beneficiary claims. Across most parts of the region, firms operating in our thriving construction and health-care sectors continued to hire new people.

Similarly, when we look at the performance of different sub-regions of Northland, we see that, with the exception of the areas around Marsden Point, most parts of the region experienced modest levels of both GDP and employment growth; those that didn't generally contracted by fewer than 5%.

GDP Growth (%) : 2022 - 2023

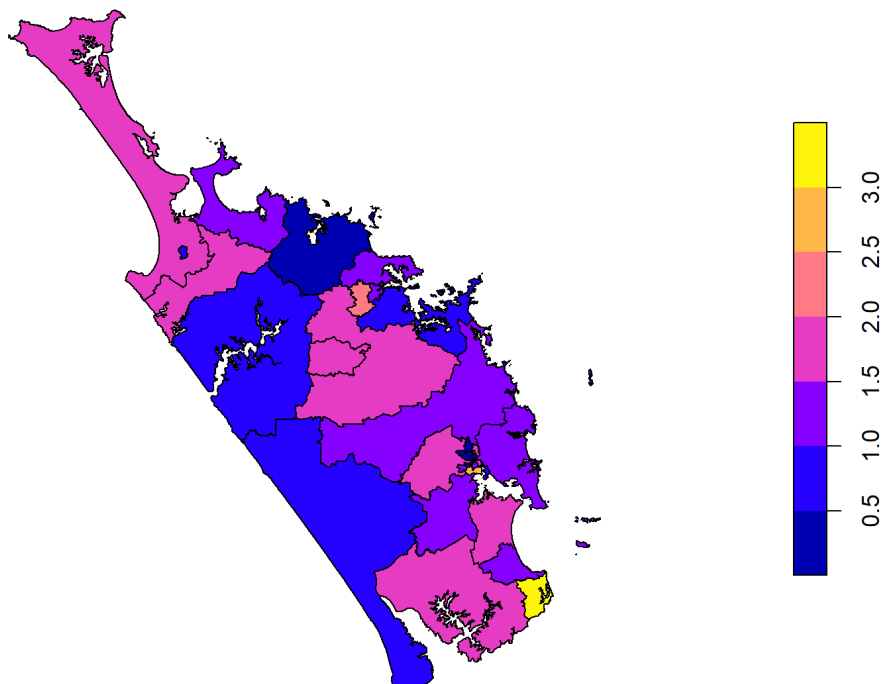


Employment Growth (%) : 2022 - 2023



As shown in the visualisation above, the one major exception to this was the Herekino-Takahue-Peria SA3. In this part of the region, the cattle and grain farming sector's level of output fell rather dramatically, leading to a subsequent decline in employment.


Population Growth (%) : 2022 - 2023





In terms of demographics, most parts of Northland experienced some population growth, but the


largest gains came from the areas around our urban areas like Whangārei, Mangawhai and Kerikeri. Many rural parts of the region grew by less than 1%.

Attachments/Ngā tapirihanga

Attachment 1: Infographic for the Northland Region 2023 [↓](#) 

Attachment 2: Infographic for the Far North District 2023 [↓](#) 

Attachment 3: Infographic for the Kaipara District 2023 [↓](#) 

Attachment 4: Infographic for the Whangarei District 2023 [↓](#) 

2023 AT A GLANCE
Northland Region



Economy

Gross domestic product, 2023

\$9,726.8m
in 2023 prices

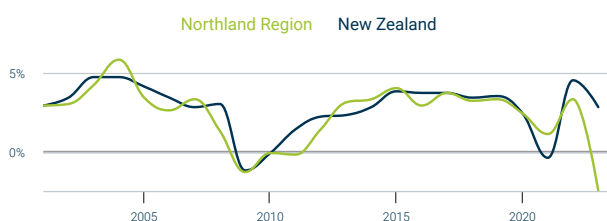
-2.5%
growth in 2023

2.6%
of national total

Largest industries, 2023 (% of total)



Economic growth, 2000-2023



Largest contributors to GDP growth, 2022 - 2023

Transport, postal and warehousing	\$228.6m
Wholesale trade	\$120.0m
Health care and social assistance	\$39.3m
Administrative and support services	\$25.8m
Professional, scientific and technical services	\$22.6m
All other industries	-\$726.6m
Total economy	\$-249.2m

Employment

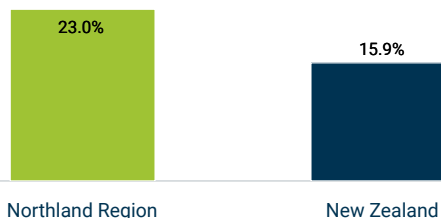
Total employment, 2023

82,169
filled jobs

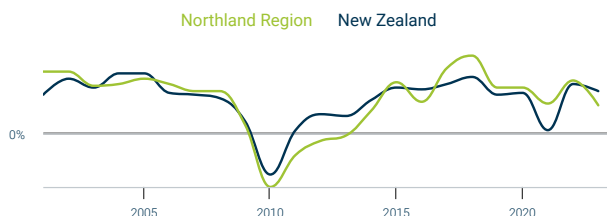
1.6%
growth in 2023

3.0%
of national total

Self-employment rate, 2023



Employment growth, 2000-2023



Industries which created most jobs, 2022 - 2023

Construction	346
Health care and social assistance	226
Retail trade	187
Professional, scientific and technical services	169
Transport, postal and warehousing	153
All other industries	237
Total economy	1,317

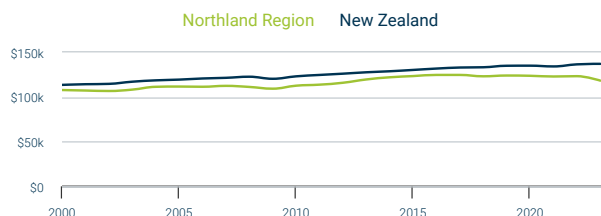


Productivity

GDP per filled job, 2023

\$118,376 | **\$137,196**
Northland Region | New Zealand

GDP per filled job, 2000-2023



Businesses

Number of business units, 2023

23,712 | **1.6%** | **3.7%**
Business units | growth in 2023 | of national total

Industries with most business units

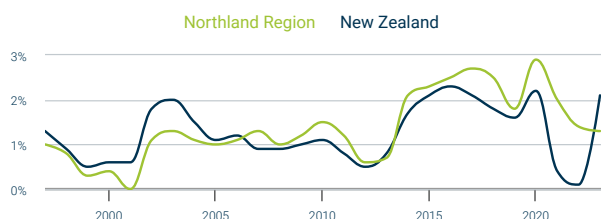
Agriculture, forestry and fishing	4,800
Rental, hiring and real estate services	4,089
Construction	3,579
Professional, scientific and technical services	1,815
Retail trade	1,179
All other industries	8,256
Total economy	23,712

Population

Population, 2023

203,900 | **1.3%** | **3.9%**
Estimated resident population | growth in 2023 | of national total

Population % change, 1996-2023

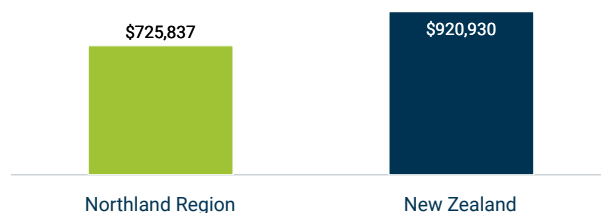


Standard of living

Mean household income, 2023

\$101,572 | **\$127,423**
Northland Region | New Zealand

Average house value, 2023



2023 AT A GLANCE
Far North District



Economy

Gross domestic product, 2023

\$3,121.2m
in 2023 prices

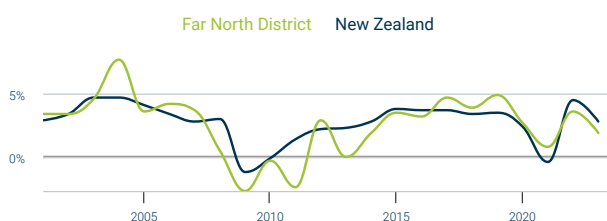
1.9%
growth in 2023

0.8%
of national total

Largest industries, 2023 (% of total)



Economic growth, 2000-2023



Largest contributors to GDP growth, 2022 - 2023

Administrative and support services	\$11.7m
Health care and social assistance	\$10.9m
Transport, postal and warehousing	\$8.5m
Professional, scientific and technical services	\$7.5m
Arts and recreation services	\$5.6m
All other industries	-\$5.1m
Total economy	\$56.9m

Employment

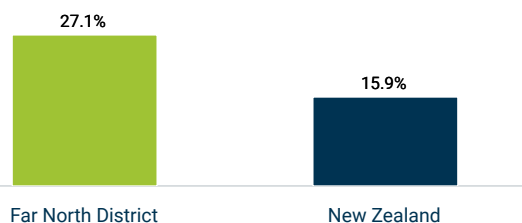
Total employment, 2023

27,570
filled jobs

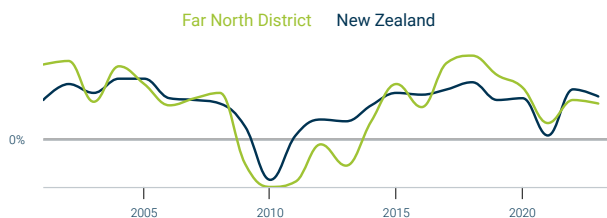
2.0%
growth in 2023

1.0%
of national total

Self-employment rate, 2023



Employment growth, 2000-2023



Industries which created most jobs, 2022 - 2023

Construction	144
Manufacturing	80
Retail trade	74
Administrative and support services	64
Health care and social assistance	61
All other industries	105
Total economy	533

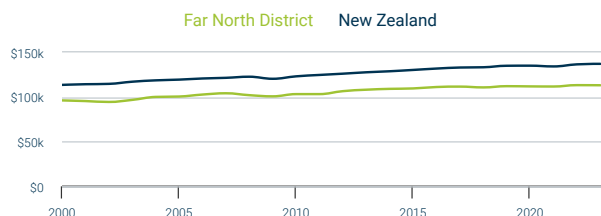
Infometrics

Productivity

GDP per filled job, 2023

\$113,210 | **\$137,196**
Far North District | New Zealand

GDP per filled job, 2000-2023



Businesses

Number of business units, 2023

8,439 | **0.7%** | **1.3%**
Business units | growth in 2023 | of national total

Industries with most business units

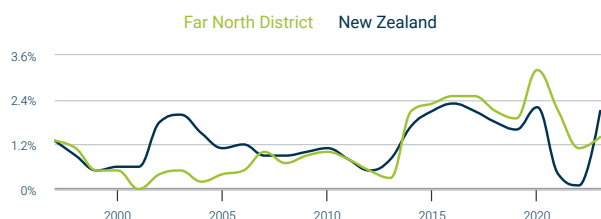
Agriculture, forestry and fishing	1,962
Rental, hiring and real estate services	1,320
Construction	1,188
Professional, scientific and technical services	603
Retail trade	450
All other industries	2,922
Total economy	8,439

Population

Population, 2023

74,700 | **1.4%** | **1.4%**
Estimated resident population | growth in 2023 | of national total

Population % change, 1996-2023

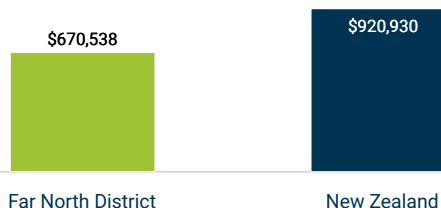


Standard of living

Mean household income, 2023

\$97,245 | **\$127,423**
Far North District | New Zealand

Average house value, 2023



2023 AT A GLANCE
Kaipara District



Economy

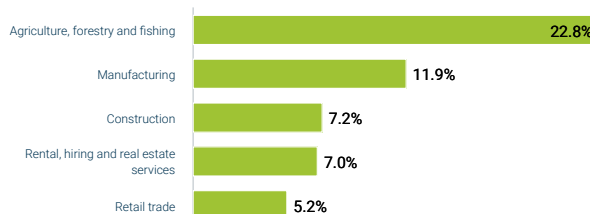
Gross domestic product, 2023

\$1,087.9m
in 2023 prices

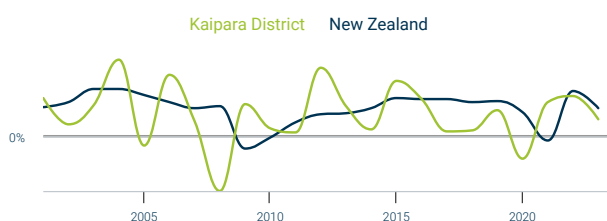
1.7%
growth in 2023

0.3%
of national total

Largest industries, 2023 (% of total)



Economic growth, 2000-2023



Largest contributors to GDP growth, 2022 - 2023

Manufacturing	\$8.5m
Agriculture, forestry and fishing	\$5.5m
Professional, scientific and technical services	\$2.7m
Arts and recreation services	\$1.3m
Administrative and support services	\$1.0m
All other industries	-\$5.5m
Total economy	\$18.6m

Employment

Total employment, 2023

9,048
filled jobs

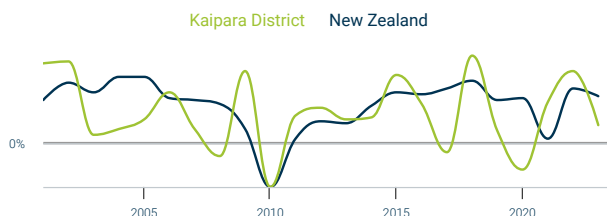
0.9%
growth in 2023

0.3%
of national total

Self-employment rate, 2023



Employment growth, 2000-2023



Industries which created most jobs, 2022 - 2023

Manufacturing	90
Retail trade	23
Professional, scientific and technical services	17
Arts and recreation services	9
Rental, hiring and real estate services	7
All other industries	-63
Total economy	85

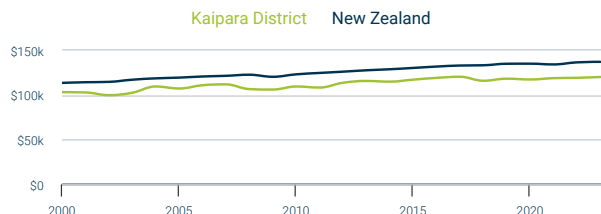
Infometrics

Productivity

GDP per filled job, 2023

\$120,237 | **\$137,196**
Kaipara District | New Zealand

GDP per filled job, 2000-2023



Businesses

Number of business units, 2023

3,951 | **3.6%** | **0.6%**
Business units | growth in 2023 | of national total

Industries with most business units

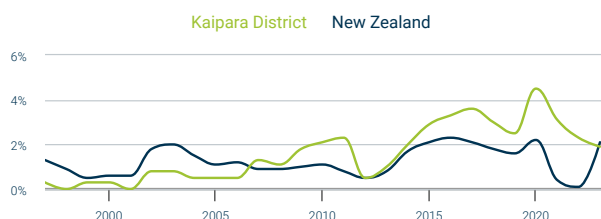
Agriculture, forestry and fishing	1,173
Rental, hiring and real estate services	759
Construction	621
Professional, scientific and technical services	246
Other services	153
All other industries	999
Total economy	3,951

Population

Population, 2023

27,300 | **1.9%** | **0.5%**
Estimated resident population | growth in 2023 | of national total

Population % change, 1996-2023

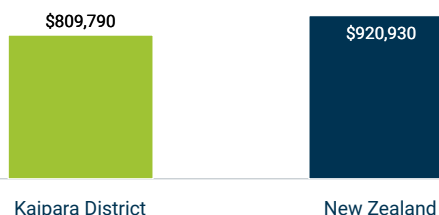


Standard of living

Mean household income, 2023

\$95,207 | **\$127,423**
Kaipara District | New Zealand

Average house value, 2023



2023 AT A GLANCE
Whangarei District



Economy

Gross domestic product, 2023

\$5,517.8m
in 2023 prices

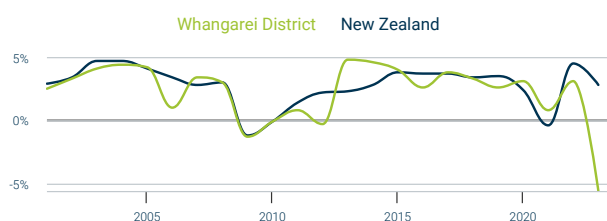
-5.6%
growth in 2023

1.5%
of national total

Largest industries, 2023 (% of total)



Economic growth, 2000-2023



Largest contributors to GDP growth, 2022 - 2023

Transport, postal and warehousing	\$219.7m
Wholesale trade	\$120.5m
Health care and social assistance	\$27.7m
Administrative and support services	\$13.2m
Professional, scientific and technical services	\$12.4m
All other industries	-\$737.1m
Total economy	\$-324.6m

Employment

Total employment, 2023

45,551
filled jobs

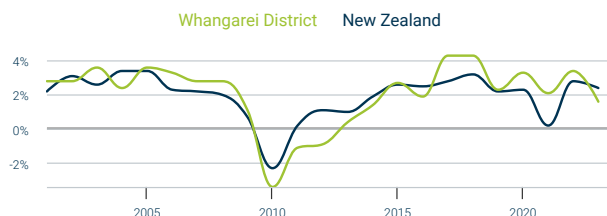
1.6%
growth in 2023

1.7%
of national total

Self-employment rate, 2023



Employment growth, 2000-2023



Industries which created most jobs, 2022 - 2023

Construction	200
Health care and social assistance	170
Transport, postal and warehousing	124
Wholesale trade	101
Public administration and safety	99
All other industries	5
Total economy	699

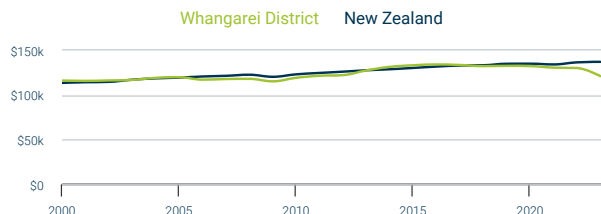
Infometrics

Productivity

GDP per filled job, 2023

\$121,135 | **\$137,196**
Whangarei District | New Zealand

GDP per filled job, 2000-2023



Businesses

Number of business units, 2023

11,322 | **1.6%** | **1.8%**
Business units | growth in 2023 | of national total

Industries with most business units

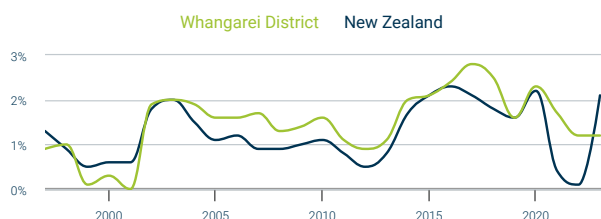
Rental, hiring and real estate services	2,010
Construction	1,770
Agriculture, forestry and fishing	1,665
Professional, scientific and technical services	963
Financial and insurance services	666
All other industries	4,245
Total economy	11,322

Population

Population, 2023

101,900 | **1.2%** | **2.0%**
Estimated resident population | growth in 2023 | of national total

Population % change, 1996-2023



Standard of living

Mean household income, 2023

\$106,229 | **\$127,423**
Whangarei District | New Zealand

Average house value, 2023

