

**Joint Regional Economic Development
Committee**

Friday 10 March 2023 at 10.00am

AGENDA

Joint Regional Economic Development Committee Agenda

Meeting to be held in the Council Chamber
36 Water Street, Whangārei
on Friday 10 March 2023, 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

NRC Chair Tui Shortland	NRC Councillor Marty Robinson	Councillor John Vujcich
Councillor Penetaui Kleskovic	FNDC Councillor Jonathan Larsen	KDC Mayor Craig Jepson

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2.0 NGĀ WHAKAPAHĀ/APOLOGIES	
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Opening Karakia | Karakia Timatanga

Tukua te wairua kia rere ki ngā taumata

Hei ārahi i ā tātou mahi

Me tā tātou whai i ngā tikanga a rātou mā

Kia mau kia ita

Kia kore ai e ngaro

Kia pūpuri

Kia whakamaua

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

Closing Karakia | Karakia Whakamutunga

Unuhia, unuhia

Unuhia ki te uru tapu nui

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

Koia rā e Rongo, whakairia ake ki runga

Kia tina! TINA! Hui e! Tāiki e!

TITLE: Confirmation of Minutes - 23 September 2022


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

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 02 March 2023

Ngā mahi tūtohutia / Recommendation

That the minutes of the Joint Regional Economic Development Committee meeting held on 23 September 2022, be confirmed as a true and correct record and that this be duly authenticated with the Chair's electronic signature.

Attachments/Ngā tapirihanga

Attachment 1: Joint Regional Economic Development Committee Meeting Minutes - 23 September 2022 [!\[\]\(c694a3ff3b077d76910920a6a1593ab4_img.jpg\)](#) 

Joint Regional Economic Development Committee
23 September 2022

Joint Regional Economic Development Committee Minutes

Meeting held in the Dargaville Town Hall
on Friday 23 September 2022, commencing at 10.00am

Tuhinga/Present:

Chair, Councillor Justin Blaikie (NRC)
Councillor Terry Archer (NRC)
Councillor Anna Curnow (KDC)
Councillor David Clendon (FNDC)
Councillor John Vujcich (FNDC)
Councillor Peter Wethey (KDC)

I Tae Mai/In Attendance:

Full Meeting

Northland Inc. Chief Executive Officer (*via audio visual link*)
WDC Manager – District Development (*via audio visual link*)
NRC Economist
NRC Economic Policy Advisor
NRC Governance Specialist (*minute taker*)

Part Meeting

Northland Inc Director (x3)
Northland Inc GM Investment and Infrastructure
Northland Inc Strategic Programmes Portfolio Manager

Secretarial Note: The Chair declared the meeting open at 10.02am and proceedings commenced with a karakia. All in attendance were acknowledged for the substantial progress made during the triennium which set a strong foundation going forward.

Ngā whakapahā/Apologies (Item 1.0)

There were no apologies.

Ngā whakapuakanga/Declarations of Conflicts of Interest (Item 3.0)

It was advised that members should make declarations item-by-item as the meeting progressed.

Confirmation of Minutes - 29 July 2022 (Item 4.1)

Report from Meloney Tupou, NRC Māori Governance and Engagement Support Admin

Moved (Vujcich/Wethey)

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

Carried

Joint Regional Economic Development Committee
23 September 2022

Receipt of Action Sheet (Item 5.1)

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

Moved (Curnow/Clendon)

That the action sheet be received.

Carried

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

(Item 6.1)

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

Moved (Blaikie/Wethey)

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

Carried

Secretarial Note:

- *The impacts of Covid-19 had prevented Northland Inc. achieving all of its key performance measures. However, appreciation was extended to staff for an 'overall good set of results' given the challenging environment.*
- *Staff undertook to ensure that each of the membership councils published the Northland Inc Limited Annual Report on their website within one month of receipt.*
- *Appreciation was extended to the Northland Inc Corporate Services Team for completing the Annual Report ahead of time.*
- *Confirmation was provided that identical content had been provided to each of the membership council's Annual Report with regard to Northland Inc Limited.*

Investment and Growth Reserve: Allocation of funding to Northland Inc for primary sector related activities (Item 6.2)

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

Moved (Curnow/Vujcich)

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

Joint Regional Economic Development Committee
23 September 2022

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

Secretarial Note:

- *An amendment was proposed to the second recommendation to clarify that the allocation of funding was to scope out the project rather than service delivery. The original mover and seconder were amenable to the revised wording (in accordance with Standing Order 23.4).*
- *Northland Inc Limited committed to delivering the programme business case for GROW Northland, incorporating clear deliverables and KPIs, within 6-12 months.*

The substituted motion was moved (Clendon/Vujcich)

1. That the report 'Investment and Growth Reserve: Allocation of funding to Northland Inc for primary sector related activities' by Darryl Jones, Economist and Emmanouela Galanou, Economic Policy Advisor and dated 13 September 2022, be received.
2.
 - a. That \$60,000 (excluding GST) be allocated as Enabling Investment funding from the Investment and Growth Reserve to Northland Inc Limited to support the development of the future GROW Northland strategy and work programme; and
 - b. Notes that the resource undertaking this work (in 2a) may also be involved in ongoing service delivery.
3. That in making this allocation of funding to Northland Inc, the Joint Committee:
 - a. Notes that this support does not constitute a long-term commitment to the funding of the GROW Northland programme. That will be dependent of the development of a suitable programme business case.
 - b. Requests that Northland Inc seek input from Northland Regional Council land management staff on the development and design of the GROW Northland programme.
4. That Northland Inc provide quarter reports for the periods ending 30 December 2022, 31 March 2023 and 30 June 2023 detailing the work achieved across the three actions:
 - a. providing support and connection services to the primary sector
 - b. deliver a programme business case for GROW Northland
 - c. engage with key stakeholder and potential funders.

Carried

Secretarial Note: The Northland Inc Directors, Denis Callesen, Jim Makaweo, Kris McDonald, Northland Inc Strategic Programmes Portfolio Manager, Jude Thompson and Northland Inc GM Investment and Infrastructure, Vaughan Cooper left the meeting room for the duration of Item 6.3.

Joint Regional Economic Development Committee
23 September 2022

Northland Inc Limited Directors: Appointment of directors for term beginning 1 July 2023 (Item 6.3)

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

Moved (Wethey/Archer)

1. That the report 'Northland Inc Limited Directors: Appointment of directors for term beginning 1 July 2023' by Darryl Jones, Economist and Emmanouela Galanou, Economic Policy Advisor and dated 13 September 2022, be received.
2. That staff prepare the necessary documentation associated with an open advertising process for the position of Northland Inc Limited directors.
3. That the current Joint Committee recommends to the next Joint Committee, to be appointed post the triennial local government elections, that it considers:
 - a. Using an open advertising process rather than reappointing existing directors;
 - b. Including the Chair of Northland Inc as a member of the ad hoc appointment committee; and
 - c. Appointing just two directors for terms beginning 1 July 2023 to reduce the total number of directors down to five.

Carried

Secretarial Note: Clarification was provided that the inclusion of the Chair of Northland Inc on the ad hoc appointment committee was to ensure continuity; given the high turnover of joint committee members.

Proposed Induction Programme for the next Joint Regional Economic Development Committee (Item 6.4)

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

Moved (Blaikie/Vujcich)

1. That the report 'Proposed Induction Programme for the next Joint Regional Economic Development Committee' by Emmanouela Galanou, NRC Economic Policy Advisor and Darryl Jones, NRC Economist and dated 14 September 2022, be received.
2. That the Joint Regional Economic Development Committee agree to the proposed Induction Programme as set out in **Attachment One** and the key messages outlined in Item 6.4 of the 23 September 2022 Joint Regional Economic Development Committee agenda.

Carried

Secretarial Note:

- *There was agreement that it would be beneficial for Northland Inc to address the new councils, as part of their respective induction programmes, as soon as practicable.*
- *Careful consideration was being given to provide Whangarei District Council opportunities to participate in the induction programme for the next Joint Regional Economic Development Committee.*
- *It was suggested there may be merit in developing a job description for members of the Joint Committee to ensure councillors with compatible skills were selected for the position by the respective shareholder councils.*

Joint Regional Economic Development Committee
23 September 2022

Whakamutunga (Conclusion)

The meeting concluded with a karakia at 11.23am.

Unconfirmed Minutes

TITLE: **Receipt of Action Sheet**

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

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 02 March 2023


Whakarāpopototanga / Executive summary

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

Nga mahi tutohutia / Recommendation

That the action sheet be received.

Attachments/Ngā tapirihanga

Attachment 1: Joint Regional Economic Development Committee Action Sheet 10 Mar 2023 [↓](#) 

Joint Regional Economic Development Committee - schedule of actions

Meeting date	Item	JREDC Action	Responsible staff	Status	Notes
30-Sep-21	Investment and Growth Reserve: Allocation of funding for Regional Economic Development Strategy	Prepare an information paper on the progress of the Economic Development Strategy to share with all council elected members twice a year.	Northland Inc	In progress	Following the March meeting, the committee would like to receive an information paper so to circulate with their councils.
29-Jul-22	IGR: Update on the reserve	Long-term exercise on IGR projects evaluation.	Darryl, Emmanouela, Justin	In progress	To be prepared during year 2022/23. Related paper to be presented at June Meeting.
23-Sep-22	Northland Inc Limited Annual Reporting for Year Ending 30 June 2022	Ensure FNDC and KDC upload on to their websites Northland Inc's Statement of Intent and Annual Report.	Jason, Briar	Completed	Staff have been asked to do so. Will confirm in the following days.
23-Sep-22	Investment and Growth Reserve: Allocation of funding to Northland Inc for primary sector related activities	Staff to prepare letter to Northland Inc confirming decision for the allocation of funding.	Darryl, Emmanouela	Completed	Letter sent on 17 October 2022.
23-Sep-22	Proposed Induction Programme for the Next Joint Regional Economic Development Committee	Staff to prepare letter to council's CEOs outlining the skills, experience and interest required by elected members to be appointed to the next Joint Committee.	Darryl, Emmanouela	Completed	This was circulated via NRC's Governance Team in November 2022.

TITLE: Election of Chair

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

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 02 March 2023

Executive summary/Whakarāpopototanga

The purpose of this report is to elect the Chair of the Joint Regional Economic Development Committee (Joint Committee). The terms of reference for the Joint Committee (**Attachment 1**) states that the Chair is to be elected by the Joint Committee according to System A of Clause 25 of Schedule 7 of the Local Government Act 2002.

The terms of reference also state that the inaugural Chair, elected in July 2021, must be an elected member from Northland Regional Council. This requirement is to be reviewed by the Joint Committee following the triennial elections in 2022. This paper fulfils that requirement. Staff recommend that as a result of this review the Chair can be an elected member from any of the three local authorities that make up the Joint Committee.

The inaugural Chair of the Joint Committee, Justin Blaikie, also represented the Joint Committee on the Steering Group overseeing the development of Te Ōhanga Rautaki Whānui o Te Tai Tokerau / Northland Regional Economic Development Strategy (Rautaki). A new representative is therefore required. Staff recommend that the newly elected Chair take up this position.

The Chief Executive Officer of the administering council (being Northland Regional Council) will call for nominations for the election to the office of Chair. Once elected, the Chair will assume from the Chief Executive Officer and preside over the remainder of the meeting including the election of the Deputy Chair.

Recommendation(s)

1. That the report 'Election of Chair' by Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist and dated 20 February 2023, be received.
2. That in the event more than one nomination for Chair is received, "System A" as specified in Clause 25 of Schedule 7 of the Local Government Act 2002, be used for the election of the Chair.
3. That the requirement of the Terms of Reference for the Chair to be an elected member from Northland Regional Council has been reviewed by the Joint Committee.
4. That, as a result of this review, the Chair can be an elected member from any of the three local authorities.
5. That _____ be appointed as Chair of the Joint Regional Economic Development Committee.
6. That _____ be appointed as the representative of the Joint Committee on the Steering Group for Te Ōhanga Rautaki Whānui o Te Tai Tokerau / Northland Regional Economic Development Strategy.

Options

No.	Option	Advantages	Disadvantages
1	Elect a Chair	Joint Committee is able to proceed	None
2	Don't elect a Chair	None	Joint Committee is unable to proceed

The staff's recommended option is Option 1.

Considerations

1. Climate Impact

[Staff guidance for change considerations.docx](#) This is an administrative matter and does not have a direct climate impact.

2. Environmental Impact

This is an administrative matter and does not have a direct environmental impact.

3. Community views

This is an administrative matter on which there are no known community views.

4. Māori impact statement

This is an administrative matter that does not directly impact on Māori.

5. Financial implications

There are no financial implications identifiable from this decision.

6. Implementation issues

This is an administrative matter on which there are no implementation issues to be aware of.

7. Significance and engagement

Joint Committees must elect a Chair as part of normal practice and therefore in relation to Section 30 of the Local Government Act 2002, this issue is considered to be of low significance.

8. Policy, risk management and legislative compliance

This report is submitted for consideration by the Joint Committee pursuant to the statutory requirements of the Local Government Act 2002 and is therefore considered to be of low risk and compliant legislative requirements.

Background/Tuhinga

The Joint Committee is comprised of elected members from the Far North District Council (FNDC), Kaipara District Council (KDC) and Northland Regional Council (NRC). The Joint Committee is a joint standing committee of council as provided for under Clause 30(1) of Schedule 7 of the Local Government Act 2002 and shall operate in accordance with the provisions of Clause 30A of the Act. According to the latter, the Joint Committee is required to appoint a Chair.

The appointment of the Chair at the first meeting of the Joint Committee for the 2022-25 triennium will provide appropriate leadership of the Joint Committee and support the delivery of its functions. A key role of the Chair will be to ensure that all activities undertaken by the Joint Committee maximise as far as possible achievements of the strategic objectives.

The Terms of Reference of the Joint Committee (**Attachment 1**), under the Section “Committee Chair and Deputy Chair” specify that the Chair is to be elected by members at the first meeting of the Joint Committee according to System A of Clause 25 of Schedule 7 of the Local Government Act 2002. A description of System A of the Clause 25 of Schedule 7 of the Local Government Act 2002 is provided below:

System A

- (a) Requires that a person is elected or appointed if he or she receives the votes of a majority of the members of the Joint Committee present and voting; and
- (b) Has the following characteristics:
 - (i) There is a first round of voting for all candidates; and
 - (ii) If no candidate is successful in that round there is a second round of voting from which the candidate with the fewest votes in the first round is excluded; and
 - (iii) If no candidate is successful in the second round there is a third; and if necessary, a subsequence round of voting from which, each time, the candidate with the fewest votes in the previous round is excluded; and
 - (iv) In any round of voting, if two or more candidates tie for the lowest number of votes, the person excluded from the next round is resolved by lot.

The Terms of Reference also specifies that the inaugural Chair of the Joint Committee must be an elected member from Northland Regional Council. However, the Terms of Reference also state that this requirement is to be reviewed by the Joint Committee following the triennial elections in 2022. The following table sets out the advantages and disadvantages of the Chair remaining an elected member from Northland Regional Council. Staff recommend that the Joint Committee may elect a Chair from either of the three participating local authorities.

Advantages of Chair remaining NRC elected member	Disadvantages of Chair remaining NRC elected member
Reflect legacy of ownership and funding commitment to IGR	Does not reflect equal ownership of Northland Inc
Closer link with secretarial support	Relatively new membership of JREDC

The inaugural Chair of the Joint Committee, Justin Blaikie, also represented the Joint Committee on the Steering Group overseeing the development of Te Ōhanga Rautaki Whānui o Te Tai Tokerau / Northland Regional Economic Development Strategy (Rautaki). As Justin Blaikie is no longer a member of the Joint Committee, a new representative is required to be selected. The following table lists the members of the Steering Group.

Te Ōhanga Rautaki Whānui o Te Tai Tokerau Steering Group members	
Harry Burkhardt – Te Kahu o Taonui representative (Co-Chair)	Blanche Morrogh (Co-Chair)
Carol Berghan	Shane Witehira
Kathryn De Bruin	Justice Heteraka
Lindsay Faithfull	Mihi Harris
Sir Brian Roche	Northland Inc board representative to replace Liz Oliver
JREDC representative	

Staff recommend that the newly appointed Chair of the Joint Committee take on this role. However, nothing precludes another member of the Joint Committee being selected to participate on the Steering Group. Northland Inc, who are overseeing the development of Rautaki, will provide the necessary background material and briefing to bring the new representative up to speed.

Attachments/Ngā tapirihanga

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

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.

TITLE: Election of Deputy Chair

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

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 02 March 2023

Executive summary/Whakarāpopototanga

The purpose of this report is to elect the Deputy Chair of the Joint Regional Economic Development Committee (Joint Committee). The Deputy Chair is to be elected at the first meeting of the Joint Committee according to System A of Clause 25 of Schedule 7 of the Local Government Act 2002. The Chair of the Joint Committee will call for nominations for election to the office of Deputy Chair.

Recommendation(s)

1. That the report 'Election of Deputy Chair' by Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist and dated 20 February 2023, be received.
2. That in the event more than one nomination for Deputy Chair is received, "System A" as specified in Clause 25 of Schedule 7 of the Local Government Act 2002, be used for the election of the Deputy Chair.
3. That _____ be appointed as Deputy Chair of the Joint Regional Economic Development Committee.

Options

No.	Option	Advantages	Disadvantages
1	Elect a Deputy Chair	Joint Committee is able to proceed	None
2	Don't elect a Deputy Chair	None	Joint Committee is unable to proceed

The staff's recommended option is Option 1.

Considerations

1. Climate Impact

[Staff guidance for change considerations.docx](#) This is an administrative matter and does not have a direct climate impact.

2. Environmental Impact

This is an administrative matter and does not have a direct environmental impact.

3. Community views

This is an administrative matter on which there are no known community views.

4. Māori impact statement

This is an administrative matter that does not directly impact on Māori.

5. Financial implications

There are no financial implications identifiable from this decision.

6. Implementation issues

This is an administrative matter on which there are no implementation issues to be aware of.

7. Significance and engagement

Joint Committees must elect a Deputy Chair as part of normal practice and therefore in relation to Section 30 of the Local Government Act 2002, this issue is considered to be of low significance.

8. Policy, risk management and legislative compliance

This report is submitted for consideration by the Joint Committee pursuant to the statutory requirements of the Local Government Act 2002 and is therefore considered to be of low risk and compliant with legislative requirements.

Background/Tuhinga

The Joint Committee is comprised of elected members from the Far North District Council (FNDC), Kaipara District Council (KDC) and Northland Regional Council (NRC). The Joint Committee is a joint standing committee of council as provided for under Clause 30(1) of Schedule 7 of the Local Government Act 2002 and shall operate in accordance with the provisions of Clause 30A of the Act. According to the latter, the Joint Committee is required to appoint a Deputy Chair.

The Terms of Reference of the Joint Committee, under the Section "Committee Chair and Deputy Chair" specify that the Deputy Chair is to be elected by members of the Joint Committee according to System A of Clause 25 of Schedule 7 of the Local Government Act 2002. A description of System A is provided below:

System A

- (a) Requires that a person is elected or appointed if he or she receives the votes of a majority of the members of the Joint Committee present and voting; and
- (b) Has the following characteristics:
 - (i) There is a first round of voting for all candidates; and
 - (ii) If no candidate is successful in that round there is a second round of voting from which the candidate with the fewest votes in the first round is excluded; and
 - (iii) If no candidate is successful in the second round there is a third; and if necessary, a subsequence round of voting from which, each time, the candidate with the fewest votes in the previous round is excluded; and
 - (iv) In any round of voting, if two or more candidates tie for the lowest number of votes, the person excluded from the next round is resolved by lot.

Attachments/Ngā tapirihanga

Nil

TITLE: Annual Work Plan 2023

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

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 02 March 2023

Executive summary/Whakarāpopototanga

The purpose of this report is to seek agreement on the annual work plan for 2023 for the Joint Regional Economic Development Committee (Joint Committee).

Recommendation(s)

1. That the report 'Annual Work Plan 2023' by Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist and dated 28 February 2023, be received.
 2. That the Joint Regional Economic Development Committee agrees to the Annual Work Plan as set out in Attachment One of this report.
-

Options

No.	Option	Advantages	Disadvantages
1	Agree to the proposed annual work plan.	Provides all necessary steps for developing Northland Inc's SOI and therefore enables the Joint Committee to meet its responsibilities and processes.	Could give the impression that there is no flexibility to the items recommended for discussion by the Joint Committee.
2	Do not agree to the proposed annual work plan.	Provides extreme flexibility to the items discussed by the Joint Committee.	Could negatively affect the sound and efficient operation of the development of Northland Inc's SOI and other matters the Joint Committee is responsible for (i.e., appointment of directors to the Northland Inc board).

The staff's recommended option is Option 1. The Annual work plan sets out a schedule of meeting dates and agenda items that allows the Joint Committee to meet its statutory obligations in relation to the development of Northland Inc's Statement of Intent. It also provides the opportunity to have quarterly workshop discussions with Northland Inc. While the annual work plan sets out specific items that are anticipated to be brought to the Joint Committee for decision and discussion, it is anticipated that additional items will be added to the agendas as issues and matters for discussion arise during the year.

Considerations

1. Climate Impact

[Staff guidance for change considerations.docx](#) There is no climate impact in relation to this decision.

2. Environmental Impact

There is no impact on the environment in relation to this decision.

3. Community views

The decision on the Joint Committee's annual work plan does not require community consultation.

4. Māori impact statement

There are no particular impacts on Māori which are associated with this decision.

5. Financial implications

This decision does not apply any financial implications.

6. Implementation issues

There are no implication issues associated with this decision as of the writing of this report. Issues may arise in relation to location / venue of the meetings of the Joint Committee and member attendance. However, with agreeing to this annual work plan, those issues will be eliminated.

7. Significance and engagement

An agreement to an annual work plan provides security and support to the Joint Committee plans for year 2023.

8. Policy, risk management and legislative compliance

This report is submitted for consideration by the Joint Committee and is considered to be of low risk and compliant with legislative requirements.

Being a purely administrative matter, Environment, Community Views, Māori Impact Statement, Financial Implication, and Implementation Issues are not applicable

Background/Tuhinga

The Joint Committee was established on 1 July 2021 by the Northland Regional Council (NRC) Far North District Council and Kaipara District Council to provide shareholder oversight of Northland Inc Limited and collectively provide for a better focus on economic development across the region.

Staff propose that the Joint Committee agree to the annual work plan for 2023 as set out in **Attachment One**. The annual work plan proposes seven Joint Committee Meetings, most of which to be held on a Thursday. The Joint Committee meetings will be followed by a workshop to allow progression, feedback and discussion of items in the work plan. Four of these workshops will also play host to a quarterly workshop with Northland Inc. Additional in-person and /or online discussions could take place if necessary and agreed to. Certain flexibility to amend and add to the work plan as the work progresses is available. In addition, the annual work plan proposes that the Joint Committee receive training on economic development by Economic Development New Zealand on 24 March.

Attachments/Ngā tapirihanga

Attachment 1: Joint Regional Economic Development Committee Annual Work Plan 2023 [↓](#) 

Annual Work Plan for Joint Regional Economic Development Committee									
	Meeting dates								
Discussion items	Frid 24 Feb 2023 Induction session	Frid 10 Mar 2023	Frid 24 Mar 2023	Thurs 20 Apr 2023	Thurs 18 May 2023	Thurs 15 Jun 2023	Thurs 20 Jul 2023	Thurs 28 Sep 2023	Thurs 30 Nov 2023
Formal Meeting									
Northland Inc: Statement of Intent	Introduction to NINC's SOI, processes, timeline etc.	Receive draft SOI 2023-26	EDNZ training session @The Orchard	Agree to the Shareholders Comment			Agree to NINC's SOI 2023-26	Initial discussion on NINC's SOI 2024-27	Letter of expectations to NINC re SOI 2024-27
Northland Inc: Reporting Against KPIs	Introduction to Regional Economic Development Strategy	KPI half-year reporting				KPI Quarter 3 reporting		Annual reporting - KPI Quarter 4 reporting	KPI Quarter 1 reporting
Northland Inc: Directors	Introduction to NINC's appointment of directors process	Agree to process and appointment panel for the appointment of NINC directors		Select applicants for interviewing	Agree to appointment of new Northland Inc directors				Agree to process for appointment of directors
Investment and Growth Reserve	Introduction to IGR and other funding					Review of Enabling Investment allocations from the IGR to date			
Election of Chair and Deputy Chair	Introduction on Chair and Deputy Chair role and processes	Elect Chair and Deputy Chair							
Annual Work Plan 2023	Discuss Annual Work Plan	Agree to the proposed Annual Work Plan							
Other		Northland Inc: Agreement to long term contract (photocopier)							
Joint Committee Workshop									
Northland Inc: Directors								Northland Inc discussion re 2024 director appointment process	
Investment and Growth Reserve									
Northland Inc: Grow Northland				GROW Northland update		GROW Northland update			
Northland Inc: Economic Development Strategy				EDS Update	EDS Update	EDS Update			
Quarterly Workshop with Northland Inc									
Economic Update						Focus area - Quarterly economic update (Budget 2023)		Focus area - tourism data and other quarterly indicators	Economic presentation from Infometrics as part of annual service
Northland Inc: Quarterly workshop		Induction session with Northland Inc				Opportunity to provide comments before delivering final SOI at end of June KPI Quarter 3 results		Northland Inc Destination Management and Marketing programme Update	NINC's reflection on SOI for next year KPI reporting Quarter 1 results

TITLE: Northland Inc Limited: Reporting Against Statement of Intent 2022-2025, Second Quarter 2022/23

From: Emmanouela Galanou, Economic Policy Advisor; Darryl Jones, Economist and Simon Crabb, Finance Manager

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 06 March 2023

Whakarāpopototanga / Executive summary

The Joint Regional Economic Development Committee (Joint Committee) has received from Northland Inc Limited (Northland Inc) the half-year (second quarter) report for the 2022/23 financial year (**Attachment 1**). This includes both reporting against the Key Performance Indicators (KPIs) in its Statement of Intent (SOI) 2022-2025 (**Attachment 2**) and half-year financials.

Staff have assessed the information provided for the 16 KPIs. Eleven indicators are well on track or achieved already. For example, Northland Inc are exceeding their target for client satisfaction with businesses assistance as measured by Net Promoter Score (83%; well above the +50% target).

However, the report indicates that five indicators show slower progress. For example, under Regional Investment, the value of grant funding and investment facilitated for Māori businesses and the number of high impact projects that are implemented are currently below the target level. Under the Profile and Advocacy of Economic Development activity, the organisation is not on track to achieve two of its three targets: the number of regional economic development updates or reports released (one out of six reports released as of December 2022) and only nine media releases were recorded with an end of year target of twenty-four. Northland Inc is also unlikely to meet its carbon reduction target. Northland Inc's carbon output for the six months to December 2022 was measured at 44,017 kgCO₂/year with an annual total target of 52,500 kgCO₂/year. Their carbon footprint target was based on a 2021/22 baseline when overseas travel was non-existent due to Covid-19.

Alongside the KPI results, the report also includes, for each activity area, a brief note on progress being made on certain regional outcomes (supporting a prosperous and thriving Te Tai Tokerau Northland). These are not KPIs of the organisation but are included in the report to highlight the high-level outcomes that the activities of Northland Inc are working to support.

The Northland Inc financial performance for the six months to 31 December 2022 is tracking ahead of budget, with the total result being better than budgeted by \$399,785. This positive variance is due to the receipt of unbudgeted strategic project revenue that will be spent in the second half of the 2022/23 financial year. The anticipated full year result is a net surplus loss of -\$17,056 which is \$56,416 ahead of the corresponding budgeted loss of -\$73,471. With \$2.5M of cash on hand at the end of December 2022 it appears Northland Inc will not have any issues with operating cashflows through to the end of this financial year.

With regard to the forecast budget loss of -\$73,471 for 2022/23, the Joint Committee's attention is directed to the letter sent to Northland Inc on 26 August 2022 regarding the approval of this budget as part of Northland Inc's SOI 2022-2025 by the previous Joint Committee (**Attachment 3**). In particular, the letter notes that such a large loss was accepted on the basis that unconfirmed tenant income associated with the Innovation Hub located at the Ngāwha Innovation and Enterprise Park had not been included in the budgeted revenue, and that Northland Inc were confident that they will be able to secure the required income to operate the Innovation Hub without incurring a loss.

The reduction in the loss for 2022/23 from the budgeted -\$73,471 to the now forecasted-\$17,056 as of 30 December 2022 is a positive development.

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


Ngā mahi tūtohutia / Recommendation


That the report 'Northland Inc Limited: Reporting Against Statement of Intent 2022-2025, Second Quarter 2022/23' by Emmanouela Galanou, Economic Policy Advisor; Darryl Jones, Economist and Simon Crabb, Finance Manager and dated 28 February 2023, be received.

Background/Tuhinga

Not applicable.

Attachments/Ngā tapirihanga

Attachment 1: Northland Inc half-year (second quarter) KPI reporting December 2022 [↓](#) 

Attachment 2: KPIs of Northland Inc as set out in Statement of Intent 2022-2025 [↓](#) 

Attachment 3: Letter to Northland Inc of 26 August 2022 confirming approval of SOI 2022-2025 and comment on final document [↓](#) 

NorthlandInc

Growing Northland's Economy

Kia tupu ai te ōhanga o Te Tai Tokerau

HALF YEAR REPORT

July - December 2022

www.northlandnz.com

NorthlandInc

Tirohanga ki Mua Vision

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.

Te Aronui Mission

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.

He pukepuke moana, e ekengia e te waka

A CHOPPY SEA CAN BE NAVIGATED

NorthlandInc

KPI Results

For the period ended
31 December 2022



KPI Results to 31 December 2022

*Supporting a prosperous and
thriving Te Tai Tokerau Northland*

Māori Economic Development

Number of engagements or established relationships with iwi/hapū groups and other Māori organisations, e.g. marae, land trusts, etc. that have led to a positive outcome **Target: 15 Actual: 10**



On Track

Proportion of Māori organisations that are satisfied with Northland Inc support **Target: +50%**



On Track



Taitokerau Northland Māori unemployment rate continues to decrease, 0.3% lower than national average to December 2022 (6.1%)



Increase in average weekly income for Māori in Taitokerau returning to positive growth for the first time since 2020 (\$57,306)

Environmental Sustainability

Number of workshops / events that help promote or support environmental sustainability values and culture in Te Tai Tokerau **Target: 5 Actual: 6**



Achieved

Proportion of businesses / projects that Northland Inc are supporting that have identified their environmental aspirations and complied with governmental regulations **Target: 90% Actual: 91%**



Achieved

Change in carbon footprint of Northland Inc **Target: 5% net reduction in footprint 52500 kgCO2/ year Actual: 44,017**



Greenhouse gas emissions as a proportion of GDP units continue to steadily decrease for the region YOY, down 0.9% (0.49)

Destination Management & Marketing

Number of destination promotion campaign initiatives to generate national exposure to the region **Target: 1 Actual: 1**



Achieved

Number of workshops / events to promote product development and position Te Tai Tokerau as a green tourism destination **Target: 4 Actual: 6**



On Track

Guest nights yet to recover to pre-COVID levels, down slightly YOY due to impact of regional isolation during peak-season (1,303,000)



Tourism contribution to GDP remained strong despite challenges, down very slightly YOY (\$466m)

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KPI Results

To 31 December 2022

*Supporting a prosperous and
thriving Te Tai Tokerau Northland*

Regional Investment

Number of unique businesses assisted
Target: 240 Actual: 227



On Track

Proportion of those businesses assisted
that are Māori **Target: 30% Actual: 31%**



Achieved

Number of inward delegations hosted
Target: 3 Actual: 3



Achieved

Client satisfaction with businesses
assistance provided by Northland Inc as
measured by Net Promoter Score
Target: +50% Actual: 83%



Achieved

Value of grant funding and investment
facilitated for Māori businesses
Target: \$120,000 Actual: \$22,000



Number of high impact projects that are
implemented (reporting by regional
strategic sectors)
Target: 4 Actual: 1



Mean per capita income for
Taitokerau Northland in positive
growth, up 6.69% YOY

80,874 Filled Jobs in 2022, with
regional growth higher than
national growth (3.1% vs 3.0%)



Growing partnerships to better
support Māori economic
development



Profile and Advocacy of Economic Development

Number of regional economic development
updates or reports released
Target: 6 Actual: 1



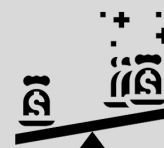
Number of media features that profile the
region **Target: 24 Actual: 9**



Number of media activity that references
Northland Inc **Target: 52 Actual: 31**



On Track



We continue to leverage shareholders funding to
gain additional funds from Central Government
and other sources

Investment Funding leveraged **x10**

Project Funding leveraged **x15**

NorthlandInc

FINANCIAL STATEMENTS

1 July - 31 December 2022

Statement of Financial Performance

NorthlandInc	YTD 31 December 2022			Forecast to 30 June 2023		
	Act \$	Bud \$	Var \$	Act \$	Bud \$	Var \$
Revenue						
BAU Revenue	1,499,738	1,353,986	145,752	2,790,574	2,695,972	94,602
Strategic Project Revenue	1,827,939	1,155,250	672,689	4,024,406	3,287,403	737,003
Total Revenue	3,327,678	2,509,236	818,442	6,814,980	5,983,375	831,605
Expenditure						
BAU Expenditure	1,270,330	1,317,046	(46,716)	2,982,504	2,861,049	121,455
Strategic Project Expenditure	1,889,810	1,424,438	465,372	3,849,531	3,195,797	653,734
Total Expenditure	3,160,140	2,741,483	418,657	6,832,035	6,056,846	775,189
Surplus/Deficit	167,538	(232,247)	399,785	(17,056)	(73,471)	56,416

Summary of Results

BAU revenue & expenditure is tracking mainly to budget and any variances are timing, plus any surpluses received have contributed to reduce any deficit

Note: New strategic revenue have been received – Shared Food Manufacturing , Grow Northland, SFFS & REF funding

And all expenditure with strategic projects is matched to the strategic revenue

NorthlandInc

Statement of Financial Position

NorthlandInc	31 December 2022	30 June 2022
Assets		
Total Current Assets	NZ\$2,794,199	NZ\$ 3,197,777
Total long-term assets	NZ\$193,254	NZ\$ 189,797
Total Assets	NZ\$2,987,453	NZ\$ 3,387,574
Liabilities		
Total current liabilities	NZ\$2,643,779	NZ\$ 3,108,719
Total liabilities	NZ\$2,643,779	NZ\$ 3,211,437

Current Assets

- \$2,794,199 in cash and term deposits
- \$257,499 receivables – 94% current

Assets

- \$193,254 Capex less depreciation

Liabilities Mostly Made Up By

- \$302,076 Payables – current
- \$2,126,275 Income in Advance (Reserves)
- Reserves carried forward \$1,620,309, increased by new projects \$505,915

Cashflow 2022/23

Inclusive of GST												
Northland INC Cash Flow 2022/23	December	January		February		March						
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Actual YTD	Forecast YTD	Variance YTD	Cashflow Budget
INCOME												
total Grant & BAU Income	623,402	625,464	47,381	0	70,381	0	631,163	0	1,391,205	1,407,578	(16,373)	3,100,367
Total Strategic Income	0	59,394	74,852	0	123,727	0	66,125	0	209,620	92,102	117,518	944,913
	623,402	684,858	122,233	0	194,108	0	697,288	0	1,600,825	1,499,680	101,145	4,045,280
EXPENSES												
Salaries	174,147	193,739	174,147	0	174,147	0	174,147	0	1,240,264	1,044,882	195,382	2,089,772
BAU Programme Expenditure	20,059	38,982	20,059	0	75,259	0	20,059	0	107,247	189,356	(82,109)	476,411
Overheads	82,955	64,882	75,545		77,776		79,225		461,041	508,837	(47,796)	987,851
Strategic Project Expenses	324,296	356,547	80,354	0	80,354	0	80,357	0	970,750	1,488,234	(517,484)	2,031,660
Total Expenses	601,457	654,150	350,105	0	407,536	0	353,788	0	2,779,302	3,231,309	(452,007)	5,585,694
GST estimate			(13,112)		0		(12,131)	0	167,911	246,502	(78,591)	
SUB TOTAL OPERATING CASHFLOWS	21,945	30,708	(214,760)	0	(213,428)	0	355,631	0	(1,346,388)	(1,978,131)	631,743	(1,540,414)
Other Income and Expenses												
Sub total Other Income & Expenses	0	(605,118)	0	0	0	0	0	0				
TOTAL OPERATING CASHFLOWS	21,945	635,826	(214,760)	0	(213,428)	0	355,631	0				
OPENING BALANCE	1,777,412	1,900,371	2,536,197	2,536,197	2,321,437	2,536,197	2,108,009	2,536,197				
Operating surplus/(deficit)	21,945	635,826	(214,760)	0	(213,428)	0	355,631	0				
Non operating surplus/(deficit)												
CLOSING BALANCE	1,799,357	2,536,197	2,321,437	2,536,197	2,108,009	2,536,197	2,463,640	2,536,197				
<div>Summary</div> <ul style="list-style-type: none">Positive Cashflow due to reserves and unbudgeted Project funding												

Summary

- Positive Cashflow due to reserves and unbudgeted Project funding

Northlandair

NorthlandInc

Growing Northland's Economy

Kia tupu ai te ōhanga o Te Tai Tokerau

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5 He Tohu Eke Pānuku - Key Performance Indicators

Key performance indicators (KPI's) for the organisation are identified within the tables below. Additional 'Regional Outcomes' related to the contribution of the work programmes to Te Tai Tokerau are included for information but are **not** key performance indicators:

Hoaketanga – Objective	How we will measure		Targets			Additional Regional Outcomes
	Type	Measure	2022/23	2023/24	2024/25	
Māori Economic Development	Output	Number of engagements or established relationships with iwi/hapū groups and other Māori organisations, e.g. marae, land trusts, etc. that have led to a positive outcome	15	20	25	<ul style="list-style-type: none"> Reduction in Māori unemployment rate in Northland. Increase in average weekly income for Māori.
	Outcome	Proportion of Māori organisations that are satisfied with Northland Inc support	>50%	>50%	>50%	
Environmental Sustainability	Output	Number of workshops / events that help promote or support environmental sustainability values and culture in Te Tai Tokerau	5	6	7	<ul style="list-style-type: none"> Reduction of total greenhouse gas emissions per unit of GDP in Northland.
	Outcome	Proportion of businesses / projects that Northland Inc are supporting that have identified their environmental aspirations and complied with governmental regulations	90%	100%	100%	
		Change in carbon footprint of Northland Inc ²	5% Net reduction in footprint	10% Net reduction in footprint	10% Net reduction in footprint	
Regional Investment	Output	Number of unique businesses assisted (reporting by TA and industry)	240	250	250	<ul style="list-style-type: none"> Positive change in regional economic profile (living standards, 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 jobs in the region Sustaining the number of business units in the region
		Proportion of those businesses assisted that are Māori (by TA and industry)	30%	40%	50%	
		Number of inward delegations hosted	3	3	3	
	Outcome	Client satisfaction with businesses assistance provided by Northland Inc as measured by Net Promotor Score	NPS >50	NPS >50	NPS >50	
		Value of grant funding and investment facilitated for Māori businesses	\$120k	\$130k	\$140k	
		Number of high impact projects that are implemented (reporting by regional strategic sectors)	4	4	4	
	Output	Number of destination promotion campaign initiatives to generate national exposure to the region (reporting will include number of businesses that are engaged in the campaign)	1 campaign per year	1 campaign per year	1 campaign per year	

Destination Management and Marketing		Number of workshops / events to promote product development and position Te Tai Tokerau as a green tourism destination	4	5	6	<ul style="list-style-type: none"> 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)
Profile and Advocacy of Economic Development	Output	Number of regional economic development updates or reports released	6	6	6	
	Outcome	Number of media features that profile the region	24	24	24	
		Number of media activity that references Northland Inc.	52	52	52	

Notes:

- Appendix B explains the rationale and recording methodology behind each of the Key Performance Indicators.
- The net carbon reduction target will be reviewed following the completion of the initial audit with any changes incorporated into following years SOIs.



26 August 2022

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 LTD STATEMENT OF INTENT 2022–2025: COMMENT ON FINAL DOCUMENT

The purpose of this letter is to inform Northland Inc that at their meeting on 29 July 2022 the Joint Regional Economic Development Committee (Joint Committee), and therefore the shareholders of Northland Inc, received and approved Northland Inc's final Statement of Intent (SOI) 2022–2025. The Joint Committee would like to thank the board and management of Northland Inc for the work done to prepare the SOI, including your consideration of the comments provided by the Joint Committee.

In approving the SOI, the Joint Committee wishes to bring to your attention a matter regarding the statement of financial performance as set out in section 13 of the SOI. The Joint Committee acknowledges that, as discussed with the Joint Committee, Northland Inc have included only confirmed income in their budget. In this regard, the unconfirmed tenant income associated with the Innovation Hub at the Ngāwhā Innovation and Enterprise Park has not been included while the planned costs of operating the Hub are. As a result, the total Northland Inc loss of \$70k in Year one and \$140k in Years two and three is due to the budgeted loss at the Innovation Hub. The Joint Committee understands that Northland Inc are confident that they will be able to secure the required income to operate the Innovation Hub without incurring a loss.

The exclusion of unconfirmed tenant income shows the financial risks associated with the operation of the Innovation Hub. In recognition of this risk, an underwrite commitment agreement between Northland Regional Council and Northland Inc was signed in April 2021. This agreement provides for the use of the annual Project Development funding category of the Investment and Growth Reserve (IGR) to cover any operational loss associated with the Innovation Hub. The Joint Committee would like to emphasise that any funding contribution from the Project Development category made to support the operation of the Innovation Hub will be provided under the conditions of the underwrite commitment agreement and not because of income budgeted to be received in the statement of financial performance.



Private Bag 9021, Whangārei 0148



In this regard, the Joint Committee would like to reiterate the importance of the limits and obligations associated with the underwrite agreement. To ensure there is enough funding in the Project Development category to cover any operational shortfall at the Innovation Hub, there are quarter limits put in place on the amount of Project Development funding that can be allocated by Northland Inc. Furthermore, the Joint Committee requests that Northland Inc provide quarterly financial reporting on the operation of the Innovation Hub to the Joint Committee. This is requested so that the Joint Committee is aware of developments before they become material to the financial position of Northland Inc. The Joint Committee expects the Innovation Hub, in the long term, to be self-sustaining and not propped up by contributions from the IGR.

The Joint Committee appreciates the commitment Northland Inc board and staff have made to serving Te Tai Tokerau Northland. We hope this SOI continues to bring growth and development to the organisation and the region.

Yours sincerely

Cr Justin Blaikie

Chair of Joint Regional Economic Development Committee

CC: Cr Anna Curnow, Cr David Clendon, Cr John Vujcich, Cr Peter Wethey, Cr Terry Archer

TITLE: Northland Inc Limited: Statement of Intent 2023-2026 -
Draft received from Northland Inc

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

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 06 March 2023

Whakarāpopototanga / Executive summary

The purpose of this report is to provide the Joint Regional Economic Development Committee (Joint Committee) with Northland Inc Limited's (Northland Inc) draft Statement of Intent (SOI) 2023-2026 (**Attachment 1**) received on 1 March 2023 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 (**Attachment 2**) highlighting several key points they wish to raise with the Joint Committee. Representatives from Northland Inc will attend the Joint Committee meeting to introduce the draft SOI and answer any initial questions.

An assessment of the draft SOI indicates that all the necessary statutory requirements as per Schedule 8(9)(1) of the Local Government Act (LGA) 2002 have been met including the time requirement (on or before 1 March).

As indicated in their cover letter, Northland Inc's draft SOI 2023-2026 does not, at this stage, contain any changes from the current SOI, except for an updated prospective statement of financial performance (section 13). Northland Inc have expressed their wish to work together with the new Joint Committee on potential changes. There are two issues specifically raised by Northland Inc for discussion.

First, they are interested in discussing the linkages between the objectives and activities of the organisation, and the wider Regional Outcomes metrics to be reported. A potential possible framework of metrics is included as an attachment to the cover letter.

Second, they draw attention to their operation funding; commenting on their comparatively low level of funding, their ability to leverage, inflationary pressures and the desire to build the capacity of the Investment and Growth Reserve (IGR) to fund projects.

The prospective statement of financial performance shows the operation funding request of Northland Inc that would need to be financed from the IGR (row named "CCO Opex"). This is \$1.972 million in 2023/24 rising to \$2.295 million in 2025/26. The following table shows the cashflow balance of the IGR for the period 2019/20 to 2026/27 based on Long Term Plan funding commitments and the draft SOI 2023-26 provided by Northland Inc.

Cash flow balances of the Investment and Growth Reserve, 2019/20 to 2026/27
based on current funding commitments
\$000

	Actual			Forecast	Based on LTP commitments and Northland Inc draft SOI 2023-26		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Investment and Growth Reserve							
Opening Balance	\$1,249	\$601	\$533	\$80	\$20	\$20	\$20
Deposits							
Northland Regional Council	\$2,147	\$2,030	\$1,864	\$1,894	\$1,937	\$1,984	\$2,033
Far North District Council			\$82	\$169	\$246	\$335	\$413
Kaipara District Council			\$29	\$61	\$89	\$121	\$149
Total local government contribution	\$2,147	\$2,030	\$1,975	\$2,124	\$2,272	\$2,440	\$2,595
Other revenue ¹	\$35	\$36	-\$3	\$0	\$0	\$0	\$0
Total deposits	\$2,183	\$2,066	\$1,972	\$2,124	\$2,272	\$2,440	\$2,595
Withdrawals							
Northland Inc operational expenditure funding	\$1,336	\$1,365	\$1,637	\$1,824	\$1,972	\$2,140	\$2,295
Project Development ²	\$144	\$130	\$175	\$300	\$300	\$300	\$300
Enabling Investment	\$1,351	\$639	\$613	\$60	\$0	\$0	\$0
Total withdrawals	\$2,831	\$2,134	\$2,424	\$2,184	\$2,272	\$2,440	\$2,595
Closing Balance	\$601	\$533	\$80	\$20	\$20	\$20	\$20

Notes

1. Other revenue includes interest earned on the IGR.

2. The IGR criteria provides for up to \$300,000 per annum to be provided for Project Development category. If funding is not used for Project Development then it remains in the IGR and is available for allocation in

The proposed level of operational funding contained in the draft SOI 2023-26, coupled with the Project Development budget allocation of \$300K per annum means that there is no 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. In its shareholder comment on the draft SOI 2022-25, the previous Joint Committee raised the issue that allocating all the increase in IGR funding to Northland Inc operations is not sustainable (see paragraph 11).

Under the LGA 2002, the Joint Committee has until 1 May to provide comments back to Northland Inc on the draft SOI. The Joint Committee will have an opportunity to further discuss the draft SOI following the Economic Development New Zealand (EDNZ) training session on Friday 24 March. The shareholder comment on the draft SOI will be further discussed and agreed at the Joint Committee meeting on Thursday 20 April.


Ngā mahi tūtohutia / Recommendation

That the report 'Northland Inc Limited: Statement of Intent 2023-2026 - Draft received from Northland Inc' by Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist and dated 28 February 2023, be received.


Background/Tuhinga

Not relevant.

Attachments/Ngā tapirihanga

Attachment 1: Northland Inc Draft Statement of Intent 2023-2026 [↓](#) 

Attachment 2: Cover letter to Northland Inc's Draft Statement of Intent 2023-2026 [↓](#) 

Attachment 3: Shareholder comment letter on draft SOI 2022-2025 sent to Northland Inc on 29 April 2022 [↓](#) 

NorthlandInc

Growing Northland's Economy

Kia tupu ai te ōhanga o Te Tai Tokerau

Tauākī Whāinga Statement of Intent

2023/24 - 2024/26

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1 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.

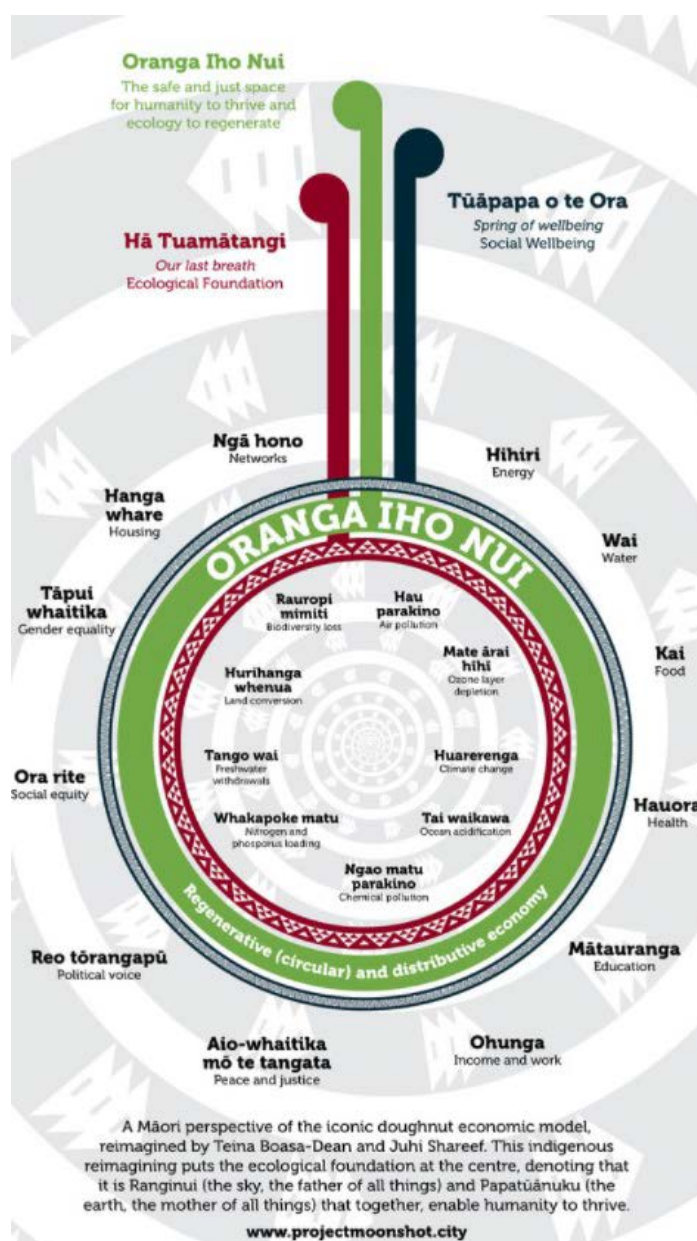
Northland Inc is partially funded by operational contributions from the Shareholders and is project funded through other public and private agencies, with central government being the next largest contributor. Northland Inc believes that despite overall strong regional economic performance many sectors 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.

The organisation is governed by a board of five 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.

2 Tūāhua - Context

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 Economic Development Agency and Regional Tourism Organisation, requiring focus on regenerative and distributive dynamics.



Central Government has agreed a framework for the whole of Government which will drive climate change policy towards low greenhouse gas emissions and climate resilience in New Zealand. The framework includes a focus on a productive, sustainable and climate-resilient economy and a just and inclusive society. This is consistent with guidance from the Shareholders focused on environmental sustainability, and this has been embedded within Northland Inc, our workstreams, and organisational activities.

Northland Inc will continue to evolve and support economic development strategies and actions that incorporate the principles of Inclusive Growth and look to provide alignment with the living standards framework. We strive to ensure fair and equitable outcomes that balance economic development with

environmental management and will prioritise economic opportunities which employ best practice environmental management, sustainability and regenerative activities.

The core principles of the Doughnut Economics model will be embedded in the organisation and refined over time. Our Strategic Pou are designed to reflect this journey while identifying pathways to implement this approach. The model we have adopted has been prepared and adopted by Iwi leaders at a national level. We see the engagement process of creating a new Regional Economic Development Strategy as the appropriate time to consider whether changes are necessary to the Doughnut Model to ensure its relevance to our Te Tai Tokerau Northland region and its people.

Looking forward we see the connection and whanaungatanga in Te Tai Tokerau being galvanised through the strategic thinking and aspirational vision-setting required as we develop the Regional Economic Development Strategy.

Northland Inc has developed its pathway towards improved cultural understanding, *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. This is of critical significance for Te Tai Tokerau Northland given more than one-third of the region's population identify as Māori, and regional aspirations of a thriving Māori economy.

Focus will also be on developing relationships to help guide Northland Inc in the use of current delivery platforms for Māori economic development. Medium to long-term, we will focus on enhancing relationships and evolving current delivery while identifying new opportunities as appropriate.

In March 2020 the government imposed severe restrictions on tourist travel into New Zealand and since then has sent Te Tai Tokerau into a series of lockdowns that at times have meant life virtually comes to a halt. Amid this disruption, economists rapidly slashed their forecasts for GDP and employment.

Whilst parts of the economy have bounced back from lockdown largely unscathed, other parts have been hard hit, particularly our Tourism industry.

Many businesses have shown an impressive ability to pivot their operations to fit with the changed economic environment. Vaccine passports and Covid-19 testing have become somewhat normal parts of doing business. However, we must acknowledge that the environment within which Northland Inc operates over the next few years will still be quite challenging.

Northland Inc has responded internally through ensuring our own team is supported with flexible working arrangements; working from home, remotely or in the office as appropriate. This has ensured we remain available to customers and clients across the region through whichever form of interaction suits the client best.

Looking forward, we will continue to champion the provision of clear and consistent messaging in all communications within our rohe, and actively support businesses and clients to adapt, both in terms of how they do business and creating new business opportunities.

Once we get through the current Covid-19 issues we foresee significant challenges in our economy. The need to address climate change is growing in urgency; the volume and pace of legislative change (including the RMA and Three Waters) will be significant; and the aftereffects of Covid-19 on social cohesion, workforce and the health sector are unknown.

Northland Inc has given priority to supporting the key sectors within our economy, particularly the primary sector and tourism, as well as encouraging the development of new and innovative economic development ideas by reinvigorating the pipeline through activities such as The Pick, the Regional Business Partnership services and funding project development work.

3 He Pou Mahi - Objectives

Whakataukāki

"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.

Tirohanga ki Mua - Vision

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.

Te Aronui - Mission

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.

Rautaki - Strategy

Effective partnership through a limited number of impactful activities to achieve economic development that supports wellbeing and equity and sustains and improves the environment.

Northland Inc has developed six key Pou as the organisational objectives:

Pou Tahi: Māori Economic Development- “Āe Mārika”!

To respect and implement the principals of Te Tiriti O Waitangi, which support meaningful partnership with Māori. Working with strategic partners in the Māori Economic Development space to drive delivery on high impact Māori economic development projects across all levels, with a specific focus on improving capacity and capability of those who we partner with for delivery. Implementation of our 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.

Pou Rua: Environmental Sustainability

Help prepare for Te Tai Tokerau Northland’s transition to a zero carbon and low emission economy by partnering to provide support and embedding environmental sustainability criteria within all active projects. Northland Inc will work to embed Te Ao Māori/Mātauranga Māori in environment/sustainability kaupapa.

Pou Toru: Regional Investment

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 ideas, with a view to applying our resources to engage in focused impactful projects reflecting the organisational capacity at this time.

Pou Whā: Destination Management

To lead the implementation of a regional Destination Management Plan in partnership with relevant stakeholders, industry, iwi and hapū. Through a programme of investment and development, we will deliver destination management and marketing activity to position Te Tai Tokerau Northland within

target markets as a desirable place to visit and support a visitor economy that aims to enhance the distribution of benefits across the region, environmental sustainability, heritage, and culture.

Pou Rima: Profile and Advocacy of Economic Development

To develop and improve the profile of economic development and Northland Inc to ensure that Te Tai Tokerau Northland understands and values the efforts of Northland Inc. To advocate for Te Tai Tokerau Northland to improve the economic well-being of the region to help support strong communities and environmental sustainability.

Pou Ono: Organisational Culture

At its core, regional economic development is about improving the livelihoods of the people of Te Tai Tokerau Northland. As an economic development agency, our culture should therefore be focused on supporting our people and their livelihoods. Therefore, Northland Inc actively upholds a culture where our team are respectful and supportive of one another; our histories, our whānau, and our aspirations.

4 Ahua me te Whānuitanga a te Mahi - Nature and Scope of Activities

The nature and scope of activities for these Pou are detailed further below. It is important to note that the Māori Economic Development, Environmental Sustainability and Organisational Culture Pou are embedded across the work programs. More detailed descriptions of work activities are outlined within Northland Inc's Annual Business Plan.

1. Regional Investment

- Actively supporting and facilitating investment in strategic sectors (Aquaculture, Agriculture and Horticulture, Digital, Tourism, Ship and Boat Building and Repair Services) in Te Tai Tokerau Northland
- Leveraging the Investment and Growth Reserve to increase investment into Te Tai Tokerau Northland
- Supporting and facilitating the development of new and enabling infrastructure such as renewable Energy, digital Connectivity, roads, rail, and water
- Delivering the Ngawha Innovation and Enterprise Centre
- Delivering business advice effectively across the region to support innovation, capacity and capability development through incubation services and the Regional Business Partnership, New Zealand Trade & Enterprise, Callaghan Innovation and Business Mentors New Zealand
- Developing clusters, business networks or associations to take advantage of market development opportunities that leverage Te Tai Tokerau Northland's key sectors and comparative advantages
- Building 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
- Engaging and partnering 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

2. Advocacy and Profile for Te Tai Tokerau Northland Economic Development

- Leading the development of a long-term Economic Development Strategy for Te Tai Tokerau
- Providing economic development intelligence and insights
- Assisting with project management and delivery of economic response activities (including PGF funded projects)
- Maintaining a delivery structure for the region (Action Plan)
- Working with, advocating for and supporting Māori businesses, trusts and entities with their aspirations for growth
- Delivering a promotional programme to encourage investment and market development of Te Tai Tokerau Northland's strategic growth sectors
- Assessing the environmental aspirations of businesses and projects

3. Destination Management and Marketing

- Implementing the Destination Management Plan
- Facilitating the regions access to the Regional Event Fund
- Identifying, and where appropriate, assisting with the development of infrastructure, products, services, and sub-regional destinations aiding the sector to respond to the industry changes imposed by COVID-19 and to coordinate the recovery effort
- Improving regional dispersal, length of stay, expenditure, and the appeal of off-peak travel particularly through leverage of the Twin Coast Discovery programme as a region wide development framework for tourism
- Co-ordinating, and where appropriate, leading the implementation of an Annual Tactical Marketing Plan for destination marketing, in alignment with the direction of national tourism organisations (including potential travel bubbles) and in partnership with the Te Tai Tokerau Northland tourism sector

5 He Tohu Eke Pānuku - Key Performance Indicators

Key performance indicators (KPI's) for the organisation are identified within the tables below. Additional 'Regional Outcomes' related to the contribution of the work programmes to Te Tai Tokerau are included for information but are **not** key performance indicators:

Hoaketanga – Objective	How we will measure		Targets			Additional Regional Outcomes
	Type	Measure	2023/24	2024/25	2025/26	
Māori Economic Development	Output	Number of engagements or established relationships with iwi/hapū groups and other Māori organisations, e.g. marae, land trusts, etc. that have led to a positive outcome	20	25	25	<ul style="list-style-type: none"> Reduction in Māori unemployment rate in Northland. Increase in average weekly income for Māori.
	Outcome	Proportion of Māori organisations that are satisfied with Northland Inc support	>50%	>50%	>50%	
Environmental Sustainability	Output	Number of workshops / events that help promote or support environmental sustainability values and culture in Te Tai Tokerau	6	7	7	<ul style="list-style-type: none"> Reduction of total greenhouse gas emissions per unit of GDP in Northland.
	Outcome	Proportion of businesses / projects that Northland Inc are supporting that have identified their environmental aspirations and complied with governmental regulations	100%	100%	100%	
		Change in carbon footprint of Northland Inc ²	10% Net reduction in footprint	10% Net reduction in footprint	10% Net reduction in footprint	
Regional Investment	Output	Number of unique businesses assisted (reporting by TA and industry)	250	250	250	<ul style="list-style-type: none"> Positive change in regional economic profile (living standards, 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 jobs in the region Sustaining the number of business units in the region
		Proportion of those businesses assisted that are Māori (by TA and industry)	40%	50%	50%	
		Number of inward delegations hosted	3	3	3	
	Outcome	Client satisfaction with businesses assistance provided by Northland Inc as measured by Net Promotor Score	NPS >50	NPS >50	NPS >50	
		Value of grant funding and investment facilitated for Māori businesses	\$130k	\$140k	\$140k	
		Number of high impact projects that are implemented (reporting by regional strategic sectors)	4	4	4	
	Output	Number of destination promotion campaign initiatives to generate national exposure to the region (reporting will include number of businesses that are engaged in the campaign)	1 campaign per year	1 campaign per year	1 campaign per year	

Destination Management and Marketing		Number of workshops / events to promote product development and position Te Tai Tokerau as a green tourism destination	5	6	6	<ul style="list-style-type: none"> • 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)
Profile and Advocacy of Economic Development	Output	Number of regional economic development updates or reports released	6	6	6	
	Outcome	Number of media features that profile the region	24	24	24	
		Number of media activity that references Northland Inc	52	52	52	

Notes:

1. Appendix B explains the rationale and recording methodology behind each of the Key Performance Indicators.
2. The net carbon reduction target will be reviewed following the completion of the initial audit with any changes incorporated into following years SOIs.

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

Shareholders' funds (being retained surpluses plus share capital) at June 2022 was as follows:

	June 2022
Total Assets \$	TBC
Total Liabilities \$	TBC
Shareholders' Funds \$	TBC
Shareholders' Funds as % of Total Assets	TBC

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 as the shareholder.

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

7 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.

8 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**.

9 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.

10 Ngā urunga, ngā whiwhinga me ngā hokonga hou - New entries, acquisitions and sales

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

11 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.

12 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.

13 Whakamaramatanga-a-pūtea - Financial information

A prospective statement of financial performance is included below.

NORTHLAND INC Forecast Prospective Statement of Financial Performance			
	Forecast 23/24	Forecast 24/25	Forecast 25/26
Income			
BAU			
CCO Opex	\$ 1,972,000	\$ 2,140,000	\$ 2,295,000
IGR Project Development	\$ 102,816	\$ 102,000	\$ 102,000
MBIE RBP	\$ 330,000	\$ 330,000	\$ -
WDC	\$ 105,000	\$ 105,000	\$ 105,000
Orchard Income	\$ 184,020	\$ 184,020	\$ 164,420
Website Income	\$ 15,000	\$ 15,000	\$ 15,000
Total BAU Income	\$ 2,708,836	\$ 2,876,020	\$ 2,681,420
BAU Expenses			
Investment - IGR Project Development	\$ 102,816	\$ 102,000	\$ 102,000
Business Grow - awards	\$ 12,000	\$ 12,000	\$ 12,000
RBP Partnership	\$ 67,271	\$ 67,271	\$ -
The Orchard	\$ 7,000	\$ 7,000	\$ 7,000
Destination Management & Marketing	\$ 140,000	\$ 140,000	\$ 140,000
Salaries	\$ 1,544,695	\$ 1,606,188	\$ 1,451,144
Overheads	\$ 768,746	\$ 785,118	\$ 755,238
Total BAU Expenses	\$ 2,642,528	\$ 2,719,577	\$ 2,467,382
Strategic Projects Income			
Foundation North - Whariki	\$ 470,000	\$ 470,000	\$ 470,000
Total Strategic Projects Income	\$ 470,000	\$ 470,000	\$ 470,000
Strategic Projects Expenses			
Grow Northland	\$ -	\$ 30,000	\$ 85,000
Whariki	\$ 184,850	\$ 184,850	\$ 184,850
Strategic Salaries	\$ 237,067	\$ 237,067	\$ 237,067
Overheads	\$ 48,301	\$ 48,301	\$ 48,301
Salaries	\$ 95,000	\$ 95,000	\$ 95,000
Total Strategic Project Expenses	\$ 470,218	\$ 500,218	\$ 555,218
Total Income BAU & Strategic Projects	\$ 3,178,836	\$ 3,346,020	\$ 3,151,420
Total Expenses BAU & Strategic Projects	\$ 3,112,746	\$ 3,219,795	\$ 3,022,600
Total Net Surplus/Deficit	\$ 66,090	\$ 126,225	\$ 128,820
Other Income/Expenses			
NIEP			
IGR Project Development	\$ 197,184	\$ 198,000	\$ 198,000
Tenant Income confirmed	\$ 37,632	\$ 36,000	\$ 36,000
Total NIEP Income	\$ 234,816	\$ 234,000	\$ 234,000
NIEP Expenses			
Overheads	\$ 281,612	\$ 294,984	\$ 294,984
Salaries	\$ 63,240	\$ 65,138	\$ 67,091
Total NIEP Expenses	\$ 344,852	\$ 360,122	\$ 362,075
Total Net Surplus/Deficit Other Income/Expenses	-\$ 110,036	\$ 126,122	-\$ 128,075
Total Net Surplus/Deficit	-\$ 43,946	\$ 103	\$ 745

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.

Appendix B: Supporting Information for Northland Inc Statement of Intent

Introduction

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

The KPI table also includes Regional Outcomes which do not form part of the formal Sol but are an important source of information and coloration of Northland Inc's performance against macro trends occurring within Te Tai Tokerau. The intention is to report on the regional outcomes at the same time as reporting on the KPI's.

Rationale

KPI's need to have a solid rationale, clear line of site back to the activities of Northland Inc, be simple to understand and be measurable. It is important to have a least one indicator for each Pou and where possible a mixture of the different type of indicators. A brief explanation of the rationale for each KPI is provided below. The internal culture Pou does not have KPI's.

KPI's

The KPI's are as follows:

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

Pou: Māori Economic Development

1. Number of engagements or established relationships with iwi/hapū groups and other Māori organisations, e.g. marae, land trusts, etc. that have led to a positive outcome.
2. Proportion of Māori organisations that are satisfied with Northland Inc support.

Pou: Environmental Sustainability

3. Number of workshops / events that help promote or support environmental sustainability values and culture in Te Tai Tokerau.
4. Proportion of businesses / projects that Northland Inc are supporting that have identified their environmental aspirations and complied with governmental regulations.
5. Change in carbon footprint of Northland Inc.

Pou: Regional Investment

6. Number of unique businesses assisted.
7. Proportion of those businesses assisted that are Māori.
8. Number of inward delegations hosted.
9. Client satisfaction with business assistance provided by Northland Inc as measured by Net Promoter Score.
10. Value of grant funding and Investment facilitated for Māori businesses.
11. Number of high impact projects that are implemented.

Pou: Destination Management and Marketing

12. Number of destination promotion campaign initiatives to generate national exposure to the region.
13. Number of workshops / events to promote product development and position Te Tai Tokerau as a green tourism destination.

Pou: Profile and Advocacy and of Economic Development

14. Number of regional economic development updates or reports released.
15. Number of media features that profile the region.
16. Number of media activity that references Northland Inc.

Rationale and Methodology for Individual KPI's

1. Rationale: measures the volume of work being directed specifically at Iwi/hapu and Māori organisations.

Methodology: Evidence for KPI is the number of meetings held and details of attendees

2. Rationale: indicates that our engagement with Māori businesses is adding value to the businesses themselves

Methodology: Evidence for KPI will be sought through our own feedback/review process with our Māori clients including face to face interviews or focus groups to capture feedback.

3. Rationale: measures the level of pro-active activity Northland Inc undertakes that has an environmental focus.

Methodology: Evidence for KPI is the number of meetings/events held and details of attendees.

4. Rationale: measures the number of business / projects that have an active environmental aspiration reflecting Northland Inc's view that this is an important aspect of any project we are supporting

Methodology: Evidence for this KPI recorded within Project Assessment documentation.

5. Rationale: measures the organisations contribution to climate change, reflecting Northland Inc's view that this is an important aspect of its operational activity.

Methodology: Evidence for KPI is completion of a carbon footprint audit then annual assessment of reduction in the level of carbon footprint.

6. Rationale: measures the volume of work being generated and processed

Methodology: Evidence for KPI is recorded in Northland Inc's CRM database. Breakdown of data is presented by TLA and industry.

7. Rationale: measures the volume of work being generated and processed that is specifically targeted at Māori businesses, given Northland Inc's view of the importance of Māori Economic

Development. The increase in target over three years is to align the target with percentage of population.

Methodology: Evidence for KPI is recorded in Northland Inc's CRM database. Breakdown of data is presented by TLA and industry.

8. Rationale: indicates that the region is attractive for inward investment. Suggests that the Landing Pad and regional promotion activity are functioning.

Methodology: Evidence for KPI is the number of meetings held and details of attendees.

Inward delegation is a reference to an expression of interest from a reputable company (national or international) who is interesting in investing in the region. The KPI is achieved when Northland Inc participates in the hosting (meeting) of the company's representatives (delegates). Note that often Chinese delegates are hosted jointly with Councils as this is the preferred way to establish a relationship with Chinese culture.

9. Rationale: Independent verification that the services within this work programme are of success.

Methodology: Evidence for KPI is recorded in Northland Inc's CRM database. Breakdown of data is presented by TLA and industry. NPS is a widely used customer loyalty or satisfaction metric used to measure success across NZTE services. It is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others.

10. Rationale: measures the value of investment that is specifically targeted to support Māori businesses aligns with previous KPI and Northland Inc's view of the importance of Māori Economic Development.

Methodology: Evidence for KPI is recorded within Northland Inc's CRM database.

11. Rationale: ensures the work area is aligned with the vision and mission.

Methodology: High Impact projects are projects that are likely to make a significant contribution to their sector in one or more of the following areas: employment, training, GDP, household income, sector strength diversity, research and development. All projects are assessed using standardised internal processes to understand the potential impact/contribution.

12. Rationale: indicates the level of activity being undertaken to promote the region and the level of support from businesses for this activity

Methodology: Evidence for KPI recorded within National publications or regional publications in regions other than Te Tai Tokerau. Reporting to include number of businesses that are engaged in the campaign.

13. Rationale: indicates the level of activity being undertaken to support the development of environmentally beneficial tourism products within Te Tai Tokerau.

Methodology: Evidence for KPI is the number of meetings held and details of attendees

14. Rationale: indicates the level of activity being undertaken to promote regional economic development

Methodology: Evidence for KPI recorded within external publications

15. Rationale: indicates the level of media awareness and support for the Te Tai Tokerau

Methodology: Evidence for KPI recorded within external publications.

16. Rationale: indicates the level of media activity being generated by Northland Inc.

Methodology: Evidence for KPI recorded within external media pickup.

DRAFT



1 March 2023

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

Sent by email:

Tēnā koe

Northland Inc Limited: Draft Statement of Intent 2022-2025

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 2022-2025 (SOI).

Given the JREDC will not have met prior to 1 March to provide the Letter of Expectation, we submit the current SOI to meet the statutory deadline requirement with the view that this SOI will be refined following the JREDC workshop on 10 March.

Amendments and Updates

We have not made any changes within the SOI in terms of the structure, content and text within the document given there will be no Letter of Expectation this year.

However, to provide input into that discussion on 10 March we also outline below some thoughts around refining the metrics of Northland Inc.

The discussion on metrics is always a challenging one determining what is attributable to an Economic Development Agency and what can be realistically measured – with also the view that impact on the macro-economy is the ultimate aim and that an Economic Development Agency often contributes to wider metrics yet there are many other factors in play.

Objectives and Metrics

The current SOI provides objectives through our Vision, Mission and Strategy – which have been set for the period 2022-2025 and thus we are in the middle of this period.

Within that we have 6 key Pou as Organisational Objectives:

1. Maori Economic Development
2. Environmental Sustainability
3. Regional Investment
4. Destination Management
5. Profile and Advocacy of Economic Development
6. Organisational Culture



Flowing from that we have our Key Performance Indicators (KPI's) for the organisation for each of the 6 Pou. 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.

As part of the upcoming JREDC workshop we may wish to discuss the linkages between these Regional Outcomes and the work of Northland Inc further. To assist this discussion we attach a framework of metrics (attached) – particularly around regional or impact metrics.

Our key discussion will be around such impact and output metrics - with operational metrics listed for completeness but being a management issue regarding the overall health of the organisation. As the final SOI is due 30 June we have time to jointly consider this issue.

Funding

Funding remains tight for Northland Inc, which is one of the least funded EDA's in New Zealand on a per capita basis. Accordingly, 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. We continue to be challenged with inflationary pressures with essentially a flat budget, but we continue to manage within it.

We also continue to seek leverage of our shareholders funding. As mentioned last year, Northland Inc has been very successful at leveraging shareholder funding to generate additional funding from central government and other sources – thus any reduction in shareholder funding would put this leveraged funding at risk. The key metrics show we leverage investment funding at a ratio of 1: 9.8 and project funding 1:15 (to be clear that means for every dollar the shareholder contributes we leverage that with another 15 dollars). A further example of this is the tourism STAPP funding whereby we contributed \$350k and central government contributed \$7M resulting in a multiplier of 1:20.

We also provide a structure to deliver programme support to the community of Northland. We were successful in winning the tender to deliver the Regional Business Partner Network Services to businesses through our BIG team (from MBIE and Callaghan Innovation). An example this year outside of Central Government Funding is our support of the Whariki Network which while umbrella'd within Northland Inc is co-funded through Foundation North to a value of \$1.4M. We continue to seek to leverage our core funding into projects to gain further funds – this is the current strategy our Grow Northland work is also working towards for example.

We continue to look to invest in regional projects and we wish to work with our shareholders in regard to building the capacity of the Investment and Growth Reserve to fund projects into the future. In our view, economic development activities (both investments and operations) are underfunded in comparison to national and international best practice. A collective approach is required to address this, and if we are able to bring WDC in as a shareholder this may assist this long term (short term it is neutral).

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 councillors and with our new JREDC. Accordingly, we welcome the opportunity to discuss the draft SOI and proposed KPI measures at our workshop on 10 March.

While Northland's economy has shown resilience post COVID, there continues to be many opportunities to improve economic performance and equity across Tai Tokerau, and we are excited about the possibilities ahead to further improve for regional collaboration and leadership within the Joint CCO model. We are firm believers in a regional approach for economic development, and we thank all 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,

NorthlandInc

Growing Northland's Economy

Kia tupu ai te ōhanga o Te Tai Tokerau



Nicole Anderson
Chair



Paul Linton
Chief Executive Officer

Attachments
Draft Statement of Intent 2023-2026 including draft budget.
Metrics Framework

NORTHLAND INC SOT METRICS FRAMEWORK - DRAFT

	Purpose	Metrics	Where Used
Impact Metrics	Our impact metrics will illustrate the overall value and impact that Northland Inc enables across local organisations & businesses	reduction in Maori unemployment rate #of new Maori businesses started number of organisations assisted to transition to sustainability / carbon reduction positive trend in regional economic profile # increase in level of government and private investment in region increase in number of jobs across region dispersal of tourism activity across region %increase in accommodation (value or vol?) increase international destination spend Government support to Northland across sectors	Reporting to JREDC Info for Councillors
Output Metrics	Our output metrics will report on the performance our Key Performance Indicators, our six key Pou	Maori Economic Development - #engagements with iwi/hapu Satisfaction survey Environmental Sustainability - #workshops, environmental goals in orgs Regional Investment - # orgs supported, inward delegations, NPS, value of funding to Maori businesses, #high impact projects implemented #projects brokered with new funding sources Destination Management and Marketing - #campaigns, #workshops #value of equiv media spend Profile and Advocacy - #regional economic updates, #media features, #media activity	Statement of Intent Reporting to JREDC
Operational Metrics	Our operational metrics help us improve our services and performance	NPS score % %growth in BIG customers %Maori customers % growth in customers receiving multiple services? % of IGF fund utilized %IGF fund on sustainable projects % of REF spread across region? %REF on sustainable events Councilor outreach & communication	Internal Reporting and Improvement
Organisational Health Metrics	Our organisational health metrics track our internal and platform goals	Funding sources increased %reduction in carbon emissions %budget variance or org The Orchard budget Nga Wha Innovation Hub budget Staff job satisfaction and engagement % staff completed Treaty training %staff churn %staff complete L1 Te Reo training Leave balance below xyz Sick day balance (?)	Internal Reporting and Improvement



29 April 2022

Nicole Anderson and Vaughan Cooper
Chair and Acting Chief Executive Officer
Northland Inc Limited
PO Box 1762
Whangārei 0140

Sent by email: nicole@andersoninc.nz and vaughan.cooper@northlandnz.com

Dear Nicole and Vaughan

NORTHLAND INC LTD STATEMENT OF INTENT 2022-2025 – SHAREHOLDER COMMENT ON DRAFT

1. 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 comments on the draft Statement of Intent (SOI) for the three-year period 2022-2025 in accordance with Schedule 8 Clause 2 of the Local Government Act 2002.
2. Thank you for providing the draft SOI 2022-2025 within the time requirement set out in Schedule 8 Clause 1(2). Council acknowledges the effort of this work and appreciates the discussion of the draft SOI that was held during the quarterly Joint Committee/Northland Inc workshop on 11 March 2022.
3. Our feedback is arranged in two areas: general comments on the draft SOI and specific comments on operational funding.

General comments

4. The Joint Committee appreciate that Northland Inc have drafted the SOI with our letter of expectations dated 14 December 2021 in mind and realise that minimum changes have been made to the new SOI following the significant revision that was undertaken the previous year but also given the current challenges, e.g. CEO resignation, COVID-19 and inflationary situation.
5. As noted in the workshop discussion, while work has been done to improve the editing of the SOI, a final revision is necessary to ensure consistency of language and readability.
6. The Joint Committee appreciates Northland Inc's view that modifying the doughnut economic model may occur as part of the upcoming work and research on the regional economic development strategy and that it would be best to wait for the outcome of this process. However, the Joint Committee would like to take this opportunity to reemphasise the principal of the model, being the need to orientate economic growth and development towards enabling our people to flourish within the context of protecting the natural environment.



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7. In this regard, and in consideration of the government's zero carbon target, the Joint Committee recommend that "renewable energy" be added to the list of "UFB, roads, rail and water" as examples of Northland Inc's work in supporting and facilitating the development of new and enabling infrastructure under point 4.1 'Regional Investment' of the Nature and Scope Activities section. It may also be more appropriate to reference a broader "digital connectivity" infrastructure rather than just "UFB".
8. The Joint Committee acknowledges that Northland Inc's forecast prospective statement of financial performance is based on known income and expenditure, i.e., it does not include project funding that may be anticipated but has not been confirmed. As a result, there is a significant drop off in project income and expenditure after 2022/23. The Joint Committee request that a table note along the lines of that used in the 2020-2023 SOI be included, e.g. "Only confirmed funding has been included".

Operational funding

9. There is a mutual realisation of the need to increase Northland Inc's operational funding. During the workshop discussion Northland Inc argued that additional operational funding was crucial to developing the human capital of the organisation so that it can deliver on some significant projects and retain staff. The increase was also necessary to meet the rising cost pressures caused by inflation. The Joint Committee is therefore willing to accept the increase in operational funding as proposed.
10. Furthermore, at its meeting on 29 April 2022, the Joint Committee agreed to increase the remuneration rates paid to Northland Inc directors and Chair by 15%, i.e. to \$20,700 and \$31,050 respectively, effective 1 July 2022. This increase in director remuneration is to be met out of the operational funding quantum as proposed in the draft SOI.
11. However, such an increase in operational funding is not sustainable in the sense that funding needs to be available for Enabling Investment allocation from the Investment and Growth Reserve so that the Joint Committee can make investments into projects. This is imperative. We need to work together to find ways of achieving this during the preparation of next years' SOI.
12. The Joint Committee would also welcome receiving an analysis of alternative income streams and operating models from Northland Inc as part of a longer-term investigation.

Yours sincerely

Cr Justin Blaikie

Chair of Joint Regional Economic Development Committee

CC: Cr Anna Curnow, Cr David Clendon, Cr John Vujcich, Cr Peter Wethey, Cr Terry Archer



Private Bag 9021, Whangārei 0148

TITLE: Northland Inc Limited: Agreement to enter long term contract

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

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 02 March 2023

Executive summary/Whakarāpopototanga

The purpose of this paper is to obtain the agreement of the Joint Regional Economic Development Committee (Joint Committee) for Northland Inc Limited (Northland Inc) to enter into a new five-year lease agreement with a supplier for photocopiers and smart screens.

Northland Inc currently has a five-year lease (in its third year) with a supplier for photocopiers and smart screens located within the Orchard Business and Events Hub. The Orchard is the main operational base for Northland Inc and the business community including the Chamber of Commerce.

Northland Inc has negotiated with this current supplier a new lease agreement to include equipment for the Innovation Hub located within the Ngāwha Innovation and Enterprise Park (NIEP) near Kaikohe. This will be supplied without any additional cost to Northland Inc, but it necessitates Northland Inc entering a new five-year lease for the total equipment supply.

Section 7.1 of the Northland Inc Limited Shareholders' Agreement lists several operational matters of Northland Inc requiring Joint Committee approval. One of these matters is "the entry into any agreements involving a term exceeding three years" (clause 70.1(c) Long term contracts).

Staff recommend that the Joint Committee agree that Northland Inc can enter a five-year lease to equip both the Orchard and NIEP Hub with photocopiers and smart screens.

Recommendation(s)

1. That the report 'Northland Inc Limited: Agreement to enter long term contract' by Darryl Jones, Economist and Emmanouela Galanou, Economic Policy Advisor and dated 27 February 2023, be received.
2. That approval is given to Northland Inc Limited to enter a five-year lease contract with a supplier to equip both the Orchard (Whangārei) and the Innovation Hub (Ngāwha) with photocopiers and smart screens.

Options

No.	Option	Advantages	Disadvantages
1	Provide approval to enter lease contract	Allows the extension of current contract terms to include the provision of services to the Innovation Hub at NIEP	None
2	Withhold approval to enter lease contract	None	Requires Northland Inc to find an additional which

No.	Option	Advantages	Disadvantages
			will come at an additional cost.

The staff's recommended option is Option 1.

Considerations

1. Climate Impact

[Staff guidance for change considerations.docx](#) This is an administrative matter and does not have a direct climate impact.

2. Environmental Impact

This is an administrative matter and does not have a direct environmental risks or impacts.

3. Community views

This is an administrative matter on which there are no known community views.

4. Māori impact statement

This is an administrative matter that does not directly impact on Māori.

5. Financial implications

This are no financial implications identifiable from this decision. Payment of the lease is part of Northland Inc operational expenditure.

6. Implementation issues

This is an administrative matter that does not have any implementation issues.

7. Significance and engagement

This is an administrative matter which when assessed against Northland Regional Council's Significance and Engagement Policy is deemed to be off low significance.

8. Policy, risk management and legislative compliance

This decision is consistent with the Northland Inc Limited Shareholders' Agreement.

Attachments/Ngā tapirihanga

Nil

TITLE: Northland Inc Limited: Appointment of directors

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

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 02 March 2023

Executive summary/Whakarāpopototanga

An important task of the Joint Regional Economic Development Committee (Joint Committee) is to appoint the directors of Northland Inc Limited. The terms of appointment for three current directors come to an end on 30 June 2023. The purpose of this paper is to obtain agreement from the Joint Committee on the process for appointing directors whose term would commence on 1 July 2023. The Joint Committee's policy for the appointment of directors to Northland Inc sets out the procedures that need to be followed (**Attachment 1**). Staff recommend that an open advertising process be undertaken, that a matrix of skills and experience be adopted, and an ad hoc committee be appointed.

Recommendation(s)

1. That the report 'Northland Inc Limited: Appointment of directors' by Darryl Jones, Economist and Emmanouela Galanou, Economic Policy Advisor and dated 21 February 2023, be received.
2. That an open advertising process be undertaken for the appointment of directors for terms beginning 1 July 2023.
3. That this open advertising process follow the timetable set out in this agenda paper.
4. That the skills and experience matrix and associated person description as set out in Attachments Two and Three respectively to this agenda paper be adopted.
5. That three Joint Committee members: _____, _____ and _____ be appointed as an ad hoc committee to conduct interviews and make recommendations on preferred candidates to the Joint Committee.
6. That Nicole Anderson, Chair of Northland Inc board of directors, also be appointed to the ad hoc committee in an advisory role.

Options

No.	Option	Advantages	Disadvantages
1	Agree to the process for the appointment of directors to Northland Inc	Allows process to begin in a timely manner that will ensure new directors are appointed before 1 July	Doesn't provide time for new JREDC to gain a better understanding of Northland Inc, its activities and current board of directors
2	Don't agree to the process for the appointment of directors to Northland Inc	Provides time for Joint Committee to gain a better understanding of Northland Inc, its activities and current board of directors before	Delays process for appointment, including advertising, that may result in directors being appointed after 1 July

No.	Option	Advantages	Disadvantages
		commencing appointment process	

The staff's recommended option is Option 1. A decision to undertake the process of appointment at this meeting of the Joint Committee will help ensure a smooth transition of Northland Inc directors into the new financial year commencing 1 July 2023. The Joint Committee will have opportunities during March and April to gain a better understanding of Northland Inc, its activities and current board of directors alongside the appointment process.

Considerations

1. Climate Impact

[Staff guidance for change considerations.docx](#) There are no climate impact issues associated with this decision. If a future decision is made to maintain the number of board directors at five rather than increase back to six or more, this will limit the climate change emissions generated by attendance at board meetings and activities.

2. Environmental Impact

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

3. Community views

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

4. Māori impact statement

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

5. Financial implications

There are no budget implications associated with this decision.

6. Implementation issues

Staff have prepared the necessary material to begin an open advertising process. The task of finding available dates to conduct interviews with chosen applicants in the calendar schedules of all elected members to the Joint Committee may be challenging. Staff therefore recommend the establishment of an ad hoc committee consisting of three members to undertake this task.

7. Significance and engagement

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

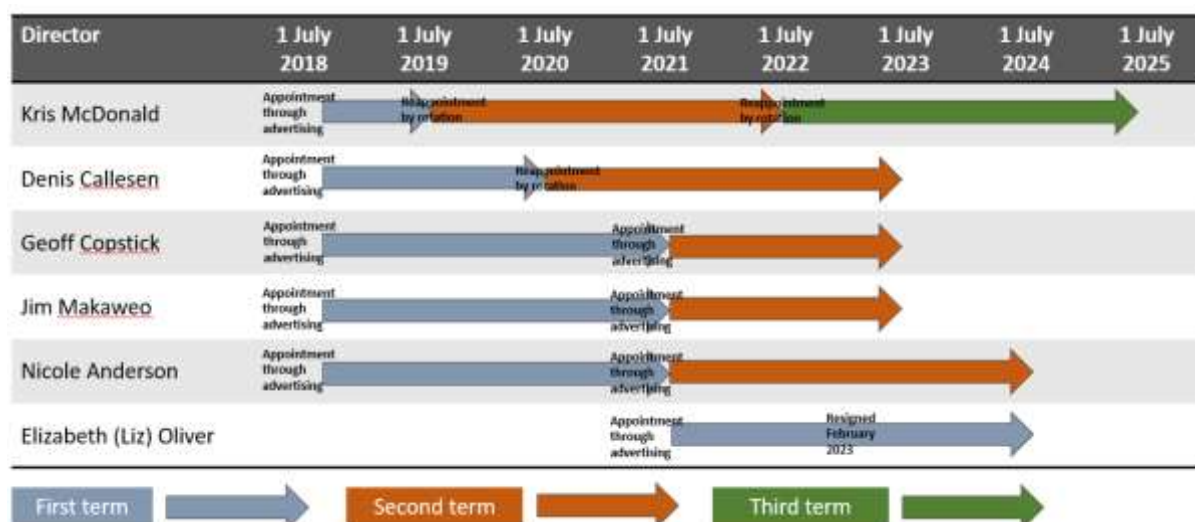
8. Policy, risk management and legislative compliance

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

Background/Tuhinga

Current situation

The following figure shows for each of the current directors of Northland Inc, their process of appointment, the number of terms of appointment and the length of each term. With the resignation of Liz Oliver in February 2023, there are currently five directors of Northland Inc. The terms of three end on 30 June 2023: Denis Callesen, Geoff Copstick and Jim Makaweo.



Appointment process

The Joint Committee's policy for the appointment of directors to Northland Inc sets out the procedures that need to be followed (**Attachment 1**). According to the policy, vacancies will be advertised unless good reason exists not to. Staff recommend that an open advertising process be followed for the forthcoming vacancies. It has been two years since an open advertising process was used. All three directors whose terms come to an end on 30 June 2023 have already served two terms and a total length of five years. It would be beneficial to appoint directors that are able to continue as board members beyond the end of the remaining two directors' terms who each will have served six or more years by the time their current terms of appointment finish.

However, nothing in the policy precludes a current director from reapplying in the open advertising process and being appointed for a third term. The policy provides for the appointment of a director for a maximum of three terms, with each term lasting no more than three years, with a total length of appointment of more than six years considered on a case-by-case basis. Consequently, the current directors could be appointed for one more term up to a maximum of three years.

The proposed timetable for the appointment of directors using an open advertising process is set out in the following table.

Date	Action
10 March 2023	Joint Committee agrees to a process of appointment including an open advertising process, a matrix of skills and experience, and an ad hoc committee by appointed
13 March 2023	Advertising for the position of director begins and closes three weeks later 3 April 2023

Date	Action
20 April 2023	Joint Committee meets to select applicants for interview
24-28 April 2023	Interviews undertaken by the ad hoc committee and preferred candidates selected
18 May 2023	Joint Committee considers the preferred candidates chosen by the ad hoc committee, and approves the appointment of directors including terms of appointment

Ad hoc committee

The policy on the appointment of directors provides for the establishment of an ad hoc committee to consider applications, conduct interviews, and make recommendations on preferred candidates to the Joint Committee. Staff recommend that the Joint Committee appoint three of its members to serve as ad hoc committee, and that one member be appointed from each representative council. However, staff recommend that the whole Joint Committee be involved in the process of selecting applicants to interview, with the ad hoc committee responsible for undertaking the interviews and recommending preferred candidates to the Joint Committee.

The policy also provides for key stakeholders to be appointed to the ad hoc committee. Staff recommend that Nicole Anderson, Chair of the Northland Inc board, be appointed to the ad hoc committee and assist the Joint Committee with the selection of candidates to interview. This is recommended because of the relatively new make-up of the Joint Committee and to help ensure a good fit of any preferred candidates with the remaining board members. However, it is recommended that Nicole Anderson be appointed in an advisory role only, i.e., not have any voting rights.

Matrix of skills and experience

The policy on the appointment of directors requires the development of a skills and experience matrix to guide the appointment of directors. This matrix will be used to short list applicants, guide the interviewing questions as well as make the final selection. The proposed matrix is provided as **Attachment 2**. The person specification which will be available to those responding to the advertisement is provided as **Attachment 3**.

For reference, the current directors have recently self-completed the proposed skills and experience matrix. This is provided as **Attachment 4**. The board and Chief Executive of Northland have reviewed the proposed matrix and consider the following skills and experience as being especially necessary.

- High level commercial or successful entrepreneurial background to balance the remaining two directors who come from a more public sector and iwi management/governance dominated background.
- Skills/experience in business start-ups and innovation, and/or a strong primary sector background, e.g., commercialising horticultural value-added products, given Northland Inc's focus in those areas.
- Understanding of local government, its processes and have a realistic view of what can be achieved by Northland Inc given its position as a council-controlled organisation (CCO). [Key attribute 14]
- Understanding of the dynamics and relationships in Te Tai Tokerau Northland.


The Joint Committee may wish to amend the proposed matrix of skills and experience to include one or more of the above suggestions.

Number of directors to be appointed and terms of appointment


A decision on the number of directors to appoint is one that Joint Committee will make at its meeting on 18 May 2023 based on the responses received and the recommendation of the ad hoc committee. However, in undertaking the selection, interview and recommendation process staff recommend that three directors be appointed through this process. There have been at times up to seven directors appointed to the board of Northland Inc, but this is seen as excessive for an organisation of its size. The previous JREDC recommended that five is a suitable number of directors.


At its meeting on 28 May the Joint Committee will also need to agree to the length of appointment offered to the recommended persons. It is considered preferable to not have the terms of more than two directors finishing in any particular year, i.e., if three directors are appointed then their terms should be staggered in some manner rather than all be appointed for three years.

Attachments/Ngā tapirihanga

Attachment 1: Policy on the appointment of directors to Northland Inc Limited [↓](#) 

Attachment 2: Proposed matrix of skills and experience [↓](#) 

Attachment 3: Proposed Northland Inc director person specification [↓](#) 

Attachment 4: Self-assessment against proposed matrix of skills and experience provided by current Northland Inc board of directors [↓](#) 

Policy on the appointment of directors to Northland Inc Limited

Section 57(1) of the Local Government Act (LGA) 2002 (“the Act”) requires local authorities to adopt a policy on the appointment of directors to their council organisations. As at 1 July 2021, Northland Inc Limited (Northland Inc) is a council-controlled organisation jointly and equally owned by Northland Regional Council, Far North District Council and Kaipara District Council. This document sets out a consistent policy for the appointment of directors to Northland Inc for all three local authorities.

Definitions

“Council organisations” include council-controlled organisations and council-controlled trading organisations. According to the Act, a council-controlled organisation is an organisation in which the council, either on its own or when combined with other local authorities, controls, directly or indirectly, 50 percent or more of the votes or has the right, directly or indirectly, to appoint 50 percent or more of the directors, trustees or managers.

“Joint Committee” means the Joint Regional Economic Development Committee.

Other relevant legislation/regulation

This policy seeks to give effect to the requirements under the Shareholders’ Agreement for Northland Inc Limited and the Constitution of Northland Inc Limited. The Shareholders’ Agreement, Constitution, and legislation take precedence over this policy, but internal policies of Northland Inc do not.

Key principles of this policy

1. Ensure that the Joint Committee appointment process selects the best person for the role having regard to the needs of Northland Inc and the mix of skills on the board.
2. All appointments will be made through an objective, transparent and accountable process.
3. All appointments will be made on the basis of merit.
4. All directors will be appointed on the basis of the contribution they can make to Northland Inc, not on the basis of representation.
5. That all parties share a clear and agreed approach to director appointments prior to the process commencing.

Appointment process

Vacancies will be advertised unless good reason exists not to. The power to decide not to advertise a vacancy is to reside with Joint Committee. In making a decision not to advertise, the Joint Committee will consider:

- The costs of any advertisement and selection process;
- The already known availability of qualified candidates;
- The urgency of the appointment, e.g. Northland Inc is without a quorum cannot hold a board meeting;
- The degree of potential interest, including public interest, in the vacancy; and
- Whether there is a high prospect that an incumbent will be reappointed.

An ad hoc committee will be established to consider applications and / or nominations, conduct interviews and make a recommendation on preferred candidate(s) to the Joint Committee. The ad hoc committee shall normally comprise members of the Joint Committee. The ad hoc committee may also include key stakeholders, one or more directors of Northland Inc, or any person who has particular knowledge or skills that would be beneficial in the selection process.

Ad hoc committee members and candidates are required to declare any potential conflicts of interest.

General core competencies

A matrix will be developed to outline the skills and experience required of board members. All board members are expected to meet core competencies as well as relevant industry or other technical / specialist skills required.

Person specifications

Nominees for specific vacancies shall be assessed and ranked for their particular skills, knowledge and experience using the matrix.

Diversity

Diversity encompasses gender, ethnicity, disability, sexual orientation, family responsibilities, education and cultural background. In making its selection, the Joint Committee shall actively support diversity and inclusion with a view to the board reflecting Northland demographics, and to ensure governance experience is gained by Northlanders.

The Joint Committee believes that supporting diversity and inclusion when making board appointments will enhance the overall strength and capability of the governance function. In practice, this means that the appointment process will actively seek out people with a variety of background and abilities.

Appointment restrictions

Councillors and council staff should not be appointed as directors, unless good reason exists for an exception.

Staff of Northland Inc should not be appointed to its board. In the event the board decides one of its members should fill a vacancy in Northland Inc, the board member must first resign from their position on the board.

Any board member applying for employment with the shareholder councils shall offer to resign from the board immediately following an acceptance of appointment.

Any board member who is a candidate in a local body election (or a general election or placed on any political party's list) must offer to stand down from nomination day until the election results are notified.

Term of appointment

Appointments shall be for a maximum three-year term, subject to any review the Joint Committee considers necessary.

Directors should have no expectation of reappointment at the end of their term of appointment.

Reappointment may not occur for reasons unrelated to the performance of the board member, such as other changes to the composition of the board or changes to the direction of Northland Inc or the environment in which it operates.

The maximum number of consecutive terms for any director is three, but with reappointments exceeding six continuous years being considered on a case-by-case basis.

The Joint Committee shall generally review the performance of Northland Inc and its board after the local body election.

Where reappointment of an incumbent is proposed, the Joint Committee may decide that advertising the vacancy is inappropriate. Consideration will be given as to whether the reappointment will be consistent with the broader policies in this section, and whether the reappointment of the incumbent:

- Will match the projected activities and governance requirements of Northland Inc;
- Is appropriate having regard to the mix of skills now on the board; and
- Will further the diversity policy.

Remuneration of directors

Remuneration for directors of Northland Inc will be determined on a case-by-case basis taking into account:

- Each specific role;
- Any existing legal or constitutional requirements;
- The form and purpose of Northland Inc; and
- Any previous level of fees paid by the shareholder.

Directors are not to undertake consulting work for Northland Inc under any circumstances.

Removal of directors

Directors may be removed from office in accordance with the constitution of the company and the general law; particularly section 156 of the Companies Act 1993 which provides for removal of a directors by ordinary resolution of the shareholders.

Northland Inc Limited

Director skills and experience matrix

Key attributes Skills and/or experience	HIGH match	MEDIUM match	LOW match
Core competencies			
1. Governance, strategy and leadership			
2. Finance, accounting and audit			
3. Informed decision making			
4. Risk management including health and safety			
5. Change management			
6. Crisis management			
7. Shareholder and stakeholder relations			
8. Marketing and communication			
9. People, culture and reputation			
Relevant for this CCO			
10. Understanding of sustainable regional economic development			
11. Knowledge of tikanga Māori			
12. Understanding of Māori economic development			
13. Understanding of community development			
14. Understanding of local and central government			
15. Awareness of relevant environmental issues			
16. Business acumen			

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

Person Specification

Director Northland Inc Limited

In addition to having a passion and commitment to the Northland region and an understanding of the region's economic development challenges, applicants should display the following skills, knowledge and experience.

Core competencies:

- Proven ability to uphold good governance standards, operate strategically, and apply adept leadership skills.
- Understanding of a director's financial and audit obligations (including those of companies operating under the Local Government Act), and have business management skills including strong financial literacy and acumen.
- Able to make sound analytical decisions based on all information available.
- Able to critically assess and manage risks, including health and safety.
- Experience in leading an organisation through change, working openly with colleagues to achieve results and resolve issues.
- A capacity to manage an organisation through a crisis.
- Proven ability to foster good relationships with shareholders and stakeholders, including with central government.
- Experience in communications and marketing activities.
- Ability to actively participate as part of the board, work smoothly and productively with colleagues and effectively represent the organisation on external bodies and the general public.

Relevant for Northland Inc. Ltd:

- Understanding of sustainable regional economic development.
- Knowledge of tikanga Māori in the Tai Tokerau context and a commitment to developing this knowledge and experience.
- Understanding of Māori economic development, including experience within, or governance of, Māori organisations.
- Understanding of community development and the contribution that sustainable economic development can make.
- Understanding of local and central government processes, policy and regulation.
- Sustainable thinking and awareness of relevant environmental issues.
- Proven track record in business growth and development.

2021 02 03

In making its selection, regard will be given to the advantages of diversity, with a view to the board reflecting Northland demographics, and to ensure governance experience is gained by Northlanders.

2021 02 03

Northland Inc Limited

Director skills and experience matrix

Self-scoring by current directors of Northland Inc

February 2023

Key attributes Skills and/or experience	Director				
	A	B	C	D	E
Core competencies					
1. Governance, strategy and leadership	H	H	H	H	H
2. Finance, accounting and audit	H	H	H	M	M
3. Informed decision making	H	H	H	H	H
4. Risk management including H&S	H	M	H	M	M
5. Change management	M	H	M	H	H
6. Crisis management	M	H	M	H	H
7. Shareholder and stakeholder relations	H	H	H	H	M
8. Marketing and communication	M	M	L	M	H
9. People, culture and reputation	H	H	M	H	H
Relevant for this CCO					
10. Understanding of sustainable regional economic development	H	H	M	H	H
11. Knowledge of tikanga Māori	M	M	M	H	L
12. Understanding of Māori economic development	H	H	L	H	L
13. Understanding of community development	H	M	L	H	M
14. Understanding of local and central government	M	H	M	H	M
15. Awareness of relevant environmental issues	H	H	M	M	H
16. Business acumen	H	H	H	M	H

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