

5 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 SOI**

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 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 including financial information and other matters.

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 (CEO resignation, COVID-19, 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.

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 2020-23 SOI be included, e.g. "Only confirmed funding has been included".

Other matters

9. Increase in operational funding
 - a. 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. However, such an increase 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.
 - b. 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