

| Stages   | Proposed Regional Economic Development Service Delivery Models                         | Governance Features   | Proposed Funding Requirements   | Advantages/Dis-advantages |           |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
|--|--|---|---|---------------------------|-----------|------|----------|-----|----------|------|-------------|--|------|-----|-------|------------|--|-------|-------|-------|--------|---------|-----|----|----|----|------|---------|-----|-----|----|----|------|---------|-----|-----|----|----|------|---------|-----|-----|-----|----|------|---------|-----|-----|-----|----|------|---------|-----|-----|-----|----|------|---|
| Stage One<br><br>1 July 2020 to 30 June 2021   | <b>Enhancing the governance participation with the existing Northland Inc.</b><br><br> | *Shared Appointment of Directors, by a formal Appointment Board made up of four NRC representatives and one representative each from WDC, KDC and FNDC.<br>*Each representative will have one vote<br>*Each Council would appoint their representative to the Appointment Board for a term of one year commencing 1.07.20<br>*WDC, KDC and FNDC would have input into the Statement of Intent process   | Financial commitment required from all Councils. NRC would continue to fund Northland Inc. per the 2018/19 to 2021 Statement of Intent.<br><br>The proposed funding is highly discretionary, and individual Councils may need to make a greater financial commitment subject to the specific projects that the being delivered by Northland Inc.<br><table><tr><td>WDC</td><td>\$105,000</td></tr><tr><td>FNDC</td><td>\$82,000</td></tr><tr><td>KDC</td><td>\$25,000</td></tr><tr><td>NRC</td><td>\$1,935,000</td></tr></table><br>WDC also contribute up to 1 FTE seconded to Northland Inc.  | WDC                       | \$105,000 | FNDC | \$82,000 | KDC | \$25,000 | NRC  | \$1,935,000 | <b>Advantages</b><br>*First step to continuum of change, easy to implement at minimal cost and minimal change to Northland Inc. structure.<br>*No disruption to existing services<br>*District Councils have input and voting rights re appointment of directors. *NRC have the controlling vote<br>*District Councils have input into Statement of Intent process<br>*NRC agree and approve the Statement of Intent<br>*District Councils can put forward specific projects relative to their specific priorities<br>*Opportunity to extend reach in return for a relatively small investment<br><b>Dis-advantages</b><br>*Lack of sustained commitment from District Councils – Opt-in Opt-out a short-term option<br>*Benefits of projects may not be visible<br>*May be a higher cost for Northland Inc. |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
| WDC  | \$105,000  |   |   |                           |           |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
| FNDC   | \$82,000   |   |   |                           |           |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
| KDC  | \$25,000   |   |   |                           |           |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
| NRC  | \$1,935,000  |   |   |                           |           |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
| <b>Stage Two</b><br>Six-year transition<br><br>1 July 2021 to 30 June 2024<br><br>And<br><br>1 July 2014 to 30 June 2027 | <b>Extending Northland Inc. to a Joint Regional CCO</b><br><br>                        | *Equal shareholding by NRC selling 25 shares, at one dollar each to WDC, FNDC and KDC thus providing the district Councils with a 25% shareholding each in Northland Inc.<br>*Governance via a formal joint committee with representation from the four Northland Councils, each Council having one representative.<br>*Formal Joint Committee to appoint Board of Directors on merit.<br>*Retention of current policy of rotation to appoint directors.<br>* Individual Councils input into the statement of intent process via the Formal Joint Committee<br>*Allocation of the Investment Growth Reserve delegated to the Formal Joint Committee | *NRC propose to maintain its current 2018-2028 LTP contribution, which over a six-year period will be 60% of the total Northland Inc/IGR funding.<br>*WDC, FNDC and KDC would contribute the remaining 40% that is apportioned by population statistics.<br>*A six-year transition period for WDC, FNDC and KDC to fully fund the 40% share.<br><br>Below sets out the targeted financial contributions over a six-year transition period for the proposed funding requirements of Northland Inc and the IGR.<br><br><b>Indicative Share of Contribution</b> <table><tr><th></th><th></th><th>51%</th><th>36%</th><th>13%</th><th></th></tr><tr><th>Year</th><th>NRC</th><th>WDC</th><th>FNDC</th><th>KDC</th><th>Total</th></tr><tr><td>Population</td><td></td><td>91400</td><td>64400</td><td>23200</td><td>179000</td></tr><tr><td>2021/22</td><td>89%</td><td>6%</td><td>4%</td><td>1%</td><td>100%</td></tr><tr><td>2022/23</td><td>80%</td><td>10%</td><td>7%</td><td>3%</td><td>100%</td></tr><tr><td>2023/24</td><td>74%</td><td>13%</td><td>9%</td><td>3%</td><td>100%</td></tr><tr><td>2024/25</td><td>68%</td><td>16%</td><td>12%</td><td>4%</td><td>100%</td></tr><tr><td>2025/26</td><td>64%</td><td>18%</td><td>13%</td><td>5%</td><td>100%</td></tr><tr><td>2026/27</td><td>60%</td><td>20%</td><td>14%</td><td>5%</td><td>100%</td></tr></table> |                           |           | 51%  | 36%      | 13% |          | Year | NRC         | WDC  | FNDC | KDC | Total | Population |  | 91400 | 64400 | 23200 | 179000 | 2021/22 | 89% | 6% | 4% | 1% | 100% | 2022/23 | 80% | 10% | 7% | 3% | 100% | 2023/24 | 74% | 13% | 9% | 3% | 100% | 2024/25 | 68% | 16% | 12% | 4% | 100% | 2025/26 | 64% | 18% | 13% | 5% | 100% | 2026/27 | 60% | 20% | 14% | 5% | 100% | <b>Advantages</b><br>*True arms-length with individual Council influence via Formal Joint Committee, the appointment of directors and input into the development of the statement of intent.<br>*Governance by Formal Joint Committee<br>*Regional decision making re Investment Growth Reserve via the Formal Joint Committee.<br>*Best model practice – Martin Jenkins Reviews and other regional initiatives in NZ<br><b>Dis-advantages</b><br>*Commitment required from all Northland Councils<br>*Substantially less opportunity to opt in and out - affordability<br>*Subject to public consultation aligned with the 2021-31 LTP cycle<br>*Lack of political appetite<br>*Ease and cost of |
|  |  | 51%   | 36%   | 13%                       |           |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
| Year   | NRC  | WDC   | FNDC  | KDC                       | Total     |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
| Population   |  | 91400   | 64400   | 23200                     | 179000    |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
| 2021/22  | 89%  | 6%  | 4%  | 1%                        | 100%      |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
| 2022/23  | 80%  | 10%   | 7%  | 3%                        | 100%      |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
| 2023/24  | 74%  | 13%   | 9%  | 3%                        | 100%      |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
| 2024/25  | 68%  | 16%   | 12%   | 4%                        | 100%      |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |
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| 2026/27  | 60%  | 20%   | 14%   | 5%                        | 100%      |      |          |     |          |      |             |  |      |     |       |            |  |       |       |       |        |         |     |    |    |    |      |         |     |     |    |    |      |         |     |     |    |    |      |         |     |     |     |    |      |         |     |     |     |    |      |         |     |     |     |    |      |   |

|         | <div><div><div>Benefits of Northland Inc. moving to a Joint Regional CCO</div><div><ul style="list-style-type: none"><li>Provides a greater level of stability, formal governance, individual councils actively engaged via a formal joint committee</li><li>Formal Joint Committee appoints the directors, allocates the IGR Fund, negotiates the Statement of Intent, monitors performance and is the key communication link between individual Councils and Northland Inc.</li><li>Enables a reach of services into the Far North and Kaipara</li><li>Undertakes all economic development services on behalf of the Northland Councils</li><li>Attractive model to central government – dealing with a region</li><li>Regional engagement with Maori/Iwi</li><li>Greater alignment of priorities</li><li>The District Council would have greater insight into performance, outcomes and spread of benefit</li><li>Specialisation/centre of excellence being more attractive to potential employees</li><li>Delivery of a regional economic development strategy</li></ul></div></div></div> |        | <div><div>Indicative Target Share of Financial Contribution</div><table><tr><th>Year</th><th>NRC</th><th>WDC</th><th>FNDC</th><th>KDC</th><th>Total</th></tr><tr><td>2021/22</td><td>\$1.811M</td><td>\$117K</td><td>\$82K</td><td>\$29K</td><td>\$2,082M</td></tr><tr><td>2022/23</td><td>\$1.852M</td><td>\$241K</td><td>\$169K</td><td>\$61K</td><td>\$2,357M</td></tr><tr><td>2023/24</td><td>\$1.937M</td><td>\$349K</td><td>\$246K</td><td>\$89K</td><td>\$2,632M</td></tr><tr><td>2024/25</td><td>\$1.984M</td><td>\$475K</td><td>\$335K</td><td>\$121K</td><td>\$2,910M</td></tr><tr><td>2025/26</td><td>\$2.033M</td><td>\$587K</td><td>\$413K</td><td>\$149K</td><td>\$3,191M</td></tr><tr><td>2026/27</td><td>\$2.084M</td><td>\$709K</td><td>\$500K</td><td>\$180K</td><td>\$3,473M</td></tr></table></div> | Year   | NRC      | WDC | FNDC | KDC | Total | 2021/22 | \$1.811M | \$117K | \$82K | \$29K | \$2,082M | 2022/23 | \$1.852M | \$241K | \$169K | \$61K | \$2,357M | 2023/24 | \$1.937M | \$349K | \$246K | \$89K | \$2,632M | 2024/25 | \$1.984M | \$475K | \$335K | \$121K | \$2,910M | 2025/26 | \$2.033M | \$587K | \$413K | \$149K | \$3,191M | 2026/27 | \$2.084M | \$709K | \$500K | \$180K | \$3,473M | <div>implementation,<br/>* Staff re-location<br/>*Affordability for District<br/>Councils regarding funding</div> |
|---------|--|--------|---|--------|----------|-----|------|-----|-------|---------|----------|--------|-------|-------|----------|---------|----------|--------|--------|-------|----------|---------|----------|--------|--------|-------|----------|---------|----------|--------|--------|--------|----------|---------|----------|--------|--------|--------|----------|---------|----------|--------|--------|--------|----------|---|
| Year    | NRC  | WDC    | FNDC  | KDC    | Total    |     |      |     |       |         |          |        |       |       |          |         |          |        |        |       |          |         |          |        |        |       |          |         |          |        |        |        |          |         |          |        |        |        |          |         |          |        |        |        |          |   |
| 2021/22 | \$1.811M   | \$117K | \$82K   | \$29K  | \$2,082M |     |      |     |       |         |          |        |       |       |          |         |          |        |        |       |          |         |          |        |        |       |          |         |          |        |        |        |          |         |          |        |        |        |          |         |          |        |        |        |          |   |
| 2022/23 | \$1.852M   | \$241K | \$169K  | \$61K  | \$2,357M |     |      |     |       |         |          |        |       |       |          |         |          |        |        |       |          |         |          |        |        |       |          |         |          |        |        |        |          |         |          |        |        |        |          |         |          |        |        |        |          |   |
| 2023/24 | \$1.937M   | \$349K | \$246K  | \$89K  | \$2,632M |     |      |     |       |         |          |        |       |       |          |         |          |        |        |       |          |         |          |        |        |       |          |         |          |        |        |        |          |         |          |        |        |        |          |         |          |        |        |        |          |   |
| 2024/25 | \$1.984M   | \$475K | \$335K  | \$121K | \$2,910M |     |      |     |       |         |          |        |       |       |          |         |          |        |        |       |          |         |          |        |        |       |          |         |          |        |        |        |          |         |          |        |        |        |          |         |          |        |        |        |          |   |
| 2025/26 | \$2.033M   | \$587K | \$413K  | \$149K | \$3,191M |     |      |     |       |         |          |        |       |       |          |         |          |        |        |       |          |         |          |        |        |       |          |         |          |        |        |        |          |         |          |        |        |        |          |         |          |        |        |        |          |   |
| 2026/27 | \$2.084M   | \$709K | \$500K  | \$180K | \$3,473M |     |      |     |       |         |          |        |       |       |          |         |          |        |        |       |          |         |          |        |        |       |          |         |          |        |        |        |          |         |          |        |        |        |          |         |          |        |        |        |          |   |

**Timeline for the Implementation of Stages One and Two** – Taking Northland Inc. from their current governance and funding model structure to a full joint regional CCO and proportional funding over a transitional six-year period

| Date             | Action   | Forum                                       |  |  | Date  | Action   | Forum               |
|------------------|--|---|--|--|---|--|---------------------|
| 3 February 2020  | Agreement of recommendations, funding, shareholding and timeline   | CEs Forum                                   |  |  | June 2020   | Adoption of each Council Annual Plans re: Stage Two – Joint Regional CCO for public consultation in 2021-2031 LTP and the development of a regional economic development strategy and associated funding |                     |
| 25 February 2020 | <b>Agreement from Mayors and Chair for Stage One inclusion in draft Annual Plans and support for Stage Two to be included in the 2021-2031 LTP Process</b> | Mayoral Forum                               |  |  | July 2020 – August 2020                             | Agreed message/wording and information for regional consultation<br><br>Funding requirements for each Council to be included in the draft 2021-2031 LTP  |                     |
| March/April 2020 | Discussion with NRC and Northland Inc.   | Northland Inc Board and NRC Council Meeting |  |  | September 2020 to March 2021                        | Consultation period  |                     |
| March/April 2020 | Draft TOR, project brief for the development of a Regional Economic Development Strategy   | CEs Forum<br>Mayoral Forum                  |  |  | <b>By November 2020</b><br><br><b>By March 2021</b> | <b>Transition Plan for moving Northland Inc to Joint Regional CCO</b><br><b>All transition preparation completed ready to put in place for 1 July 2021.</b>  | CEs Forum           |
| April 2020       | <b>Discussion and approval by individual Councils for Stage 1, Stage 2, and ED Strategy and inclusion in the 2021-2031 LTP</b>                             | Each Council                                |  |  | April 2021 - May 2021                               | Feedback from consultation   | CEs Forum           |
| April May 2020   | Transition Plan Developed Stage One including Northland Inc. involvement<br>*Appointment Board<br>*Expectations of Purpose input                           | Northland  Forward Together Team            |  |  | June 2021   | Adoption of 2021-2031 LTP by Councils<br>Joint Regional CCO and Development of a Regional Economic Development Strategy  | Individual Councils |
| June 2020        | Annual Plan adoption for WDC, KDC and FNDC re funding  | KDC and FNDC Council meetings               |  |  | July 2021   | Joint CCO be established,<br>Transition and Engagement of Consultants re regional strategy   |                     |
| July             | Transition   | Northland Inc. NRC                          |  |  |   |  |                     |