

Long Term Plan: Regional Economic Development – Joint Delivery Model Update

Meeting: Kaipara District Council
Date of meeting: 28 October 2020
Reporting officer: GM Engagement and Transformation

Purpose/Ngā whāinga

To re-confirm commitment to consult with the public in the 2021-31 Long Term Plan (LTP) to transition Northland Inc (NInc) to a jointly owned regional economic development Council Controlled Organisation (CCO) and to appoint two elected members to the Regional Economic Development Service Delivery Working Party.

Executive summary/Whakarāpopototanga

In July, Council agreed to support the proposed Regional Economic Development model by including it in the LTP and consulting with the community as part of that process. The proposal was also agreed by the Northland Regional Council (NRC) and the Far North District Council (FNDC), however, the Whangarei District Council (WDC) did not agree to support the proposal.

The proposal has now been adjusted by reducing the NInc funding by the amount that WDC would have contributed in the original proposal. However, WDC continues to fund NInc in line with its LTP commitment. The proposed shareholding has also been adjusted to be shared equally by the participating councils. KDC's ownership increases to a third as a result.

WDC may agree to re-join the proposal at any time in the future with funding and shareholding returning to what was outlined in the original proposal.

As a result of the WDC decision and adjustments, this is being reported to council to re-confirm support for the updated proposal.

KDC is also asked to appoint two elected members to the newly established Regional Economic Development Service Delivery Working Party.

Recommendation/Ngā tūtohunga

That Kaipara District Council:

- a) Notes that Whangarei District Council has decided to opt out of the process of forming a joint delivery model for regional economic development.
- b) Notes that Whangarei District Council will continue to fund Northland Inc. according to its Long-Term Plan.
- c) Agrees to continue the process of forming a joint delivery model for regional economic development with the Northland Regional Council and Far North District Council.
- d) Agrees to consult with the public on transitioning Northland Inc. to a Joint Regional Economic Development Council Controlled Organisation in the 2021/31 Long Term Plan.
- e) Agrees that if Whangarei District Council decides to participate in the joint delivery model at a later date, that Northland Inc shareholdings be distributed equally amongst the four Northland councils.
- f) Appoints [Insert two elected members here] to be the Kaipara District Council representatives to the Regional Economic Development Service Delivery Working Party of Northland Regional Council.

Context/Horopaki

At its meeting on 16 June 2020, Northland Regional Council (NRC) agreed to recommendations put forward by the Mayoral Forum for the joint delivery of regional economic development services in Northland. This agreement was given subject to district council approval of the same proposal. FNDC agreed on 25 June 2020 and KDC on 29 July 2020. The KDC report is available at **Attachment A**.

WDC, at its meeting on 27 August 2020, decided not to join the proposal. WDC will continue to provide funding to Northland Inc for the future according to its Long-Term Plan. In the 2021/22 Annual Plan year, WDC will remain the second largest council funder of Northland Inc, after the NRC. WDC's decision not to participate has little material effect on the original proposal and they are also able to agree to participate at any time in the future.

The proposal has been reviewed and adjusted to remove WDC from the process.

Discussion/Ngā kōrerorero

Funding model

The model has been adjusted as a result of the WDC decision and agreed by the NRC at its 15 September meeting. The only change to the proposal reported to council in July, is to simply reduce funding for NInc by the planned WDC contribution that was over and above their current agreed contribution. The KDC funding amount remains the same as reported in July.

For clarity, this was:

Financial year	KDC contribution*
2021/22	\$29k
2022/23	\$61k
2023/24	\$89k
2024/25	\$121k
2025/26	\$149k
2026/27	\$180k

*2% inflationary adjustment included

If WDC was to agree to participate in the future, the original proposal funding would be reinstated.

Shareholder ownership

The original proposal had 100 shares split evenly amongst the four Councils (25 each). The NRC has now updated the proposal so that 120 shares will be split evenly between the three participating Councils (40 shares each). If at some point in the future WDC decides to become a shareholder, the shareholding would be amended so that each Council would have equal ownership, for example, 30 shares each.

Regional Economic Development Service Delivery Working Party.

The NRC established the Regional Economic Development Service Delivery Working Party at its September meeting. This working party was signalled in the July report to Council and its terms of reference are available at **Attachment B**. This working party allows the participating councils to provide input into the development of the NInc. Statement of Intent (SOI) for 2021–2024 and the appointment of directors. The NRC has decided that the working group will be Chaired by Councillor Bain with the other NRC appointee being Councillor Kitchen.

Options

Option 1: Continue to support the proposal for Northland Inc. to become a Joint Regional Economic Development CCO and consult with the public as part of the 2021/31 Long Term Plan process. Appoint two members to the Regional Economic Development Service Delivery Working Party.

Council agreed to the original proposal at its July meeting. KDCs proposed funding amounts have not changed, however, the proportion of ownership will effectively increase from a quarter to a third, while WDC is not participating.

The proposal funding has been included in the draft LTP which has been reported separately to Council.

This is the recommended option

Option 2: Not approve the proposal for consultation or appoint members to the Regional Economic Development Service Delivery Working Party.

If either FNDC or Kaipara District Council choose to withdraw, the joint delivery proposal will cease and the current status quo will be retained. That is, Northland Inc. will remain a CCO of the NRC only.

If this option is no longer supported, the proposed funding will be removed from the draft LTP and consultation with the community will no longer occur.

Policy and planning implications

A regional operational team consisting of staff members from all four councils (WDC staff continue to participate) is continuing to ensure that appropriate planning is undertaken to enact the decisions, assuming continued approval.

To date, the NRC has agreed with the updated proposal. Far North District Council will address the report at its 29 October meeting.

Significance and engagement/Hirahira me ngā whakapāpā

Under the Local Government Act (2002), the decision to become a shareholder in a CCO must be consulted with the community. This report recommends that the community is consulted about the updated proposal as part of the formal LTP consultation early in 2021. The statutory requirement would be met as a result.

Next steps/E whaiake nei

- If the recommendations are supported at this meeting, the regional operational team will continue to progress the work required to ensure a consistent approach to consultation by all participating councils.
- Staff will notify the NRC of the KDC appointments to the working party.
- If the recommendations are not supported, staff will inform the NRC and FNDC.

Attachments/Ngā tapiritanga

	Title
A	Report and attachments presented to the Kaipara District Council at the July Council meeting
B	Terms of Reference for the Regional Economic Development Service Delivery Working Party.