

TITLE: Establishment of the Regional Economic Development Service Delivery Working Party

ID: A1357591

From: Darryl Jones, Economist

Executive summary/Whakarāpopototanga

This report seeks council agreement to establish the Regional Economic Development Service Delivery Working Party (the Working Party) and invite the Kaipara District Council and Far North District Council to each nominate two elected members to be representatives on the Working Party. It also seeks council's agreement to continue proceeding along the path towards a joint delivery model for regional economic development with Kaipara District Council and Far North District Council only, i.e. without the participation of Whangarei District Council.

Recommendation(s)

1. That the report 'Establishment of the Regional Economic Development Service Delivery Working Party' by Darryl Jones, Economist and dated 27 August 2020, be received.
2. That council agrees to continue proceeding with the proposal of a joint delivery model for regional economic development as set out in the Mayoral Forum proposal with the participation of Kaipara District Council and Far North District Council.
3. That council authorises the establishment of the Regional Economic Development Service Delivery Working Party.
4. That council adopts the Terms of Reference for the Regional Economic Development Service Delivery Working Party set out as Attachment One to this report.
5. That council authorises the Regional Economic Development Service Delivery Working Party to serve as the ad hoc committee to recommend to council the appointment of three Northland Inc. directors for the term to commence 1 July 2021.
6. That council appoint Cr Bain as Chair of the Regional Economic Development Service Delivery Working Party and Councillor _____ as the second council representative.
7. That the Council Chairperson not be appointed as ex-officio to the Regional Economic Development Service Delivery Working Party.
8. That council invites Kaipara District Council and Far North District Council to each nominate two elected members to be representatives on the Regional Economic Development Service Delivery Working Party.
9. That council delegates authority to the Chief Executive Officer to update the Terms of Reference for the Regional Economic Development Service Delivery Working Party with the names of the elected members nominated by Kaipara District Council and Far North District Council, along with any other minor amendments that may be necessary.

Background/Tuhinga

At its meeting on 16 June 2020 council agreed to recommendations put forward by the Mayoral Forum for the delivery of regional economic development services in Northland. This agreement was given subject to district council approval of the same recommendations /proposal. The same

Mayoral proposal has been agreed to by Far North District Council (FNDC) and Kaipara District Council (KDC) at their meetings on 25 June 2020 and 29 July 2020 respectively. Whangarei District Council (WDC), at its meeting on 27 August 2020, has decided to not agree to the proposal.

A major implication of this decision is that the recommended shareholding arrangement for the joint council-controlled organisation would need to change. Council currently owns all 100 shares of Northland Inc. The Mayoral Forum proposal envisaged council selling 25 shares at one dollar each to the three district councils so that the four local authorities had an equal shareholding of 25 shares (one-quarter) each.

Staff endorse maintaining the principle of equal shareholding. To achieve this, council will have to increase the number of Northland Inc. shares to 120, and then sell 40 shares at one dollar each to FNDC and KDC so that each local authority has an equal shareholding of 40 shares (one-third) each. Such an arrangement would make it easy for WDC to take up an equal shareholding should it decide later to become a joint owner of Northland Inc. This would be accomplished by each of the three shareholders selling 10 shares each to WDC, resulting in an equal shareholding of 30 shares (one-quarter) each. Increasing the number of Northland Inc shares to 120 shares allows any combination of two, three or four local authorities to hold an equal shareholding. This new shareholding arrangement will be developed as part of the consultation documentation that will be agreed at a later point by council.

One of the recommendations of the proposal was to provide for the district councils to have input into the development of the Northland Inc. Statement of Intent for 2021–2024 and the appointment of directors. Staff consider that the most appropriate manner to provide for this is to establish a specific Working Party of council.

The following membership and functions are proposed for the Working Party. The Terms of Reference are provided as **Attachment One** to this report.

Regional Economic Development Service Delivery Working Party

Chair:	Cr Bain
Members:	NRC councillor
District council representation:	Two (2) members from each of Kaipara District Council and Far North District Council

Make recommendations to council on:

- the appointment of Northland Inc. Limited directors;
- Northland Inc. Limited's Statement of Intent 2021–2024; and
- any other matters relating to the regional economic development service delivery as requested by council.

It is recommended that Cr Bain be appointed as Chair of the Working Party as he is the council appointed shareholder representative for Northland Inc. Limited. Council is required to appoint a second member to the Working Party. It is also recommended that the appointment of the Chairperson as ex-officio to all sub-committees and working parties is specifically excluded in this case to ensure an even number of representatives from each of the three councils.

Council's policy on the appointment of directors to council organisations states that "An ad hoc committee will be established to consider applications and/or nominations and conduct interviews and make a recommendation on preferred candidate(s) to council. The ad hoc committee shall normally comprise councillors, including the council's shareholder representative for the organisation concerned. Other members may include key stakeholders or any person who has particular knowledge or skills that would be beneficial in the selection process."

This paper seeks council approval for the Working Party to undertake the role of the ad hoc committee regarding the appointment of three Northland Inc. directors for the term to commence 1 July 2021. The term of appointment for four of the current six directors expires on 30 June 2021. The position held by one of these, Sarah Peterson, will not be reappointed in line with council's intent to reduce the number of directors back down from seven to five. The Working Party will follow a process for arriving at a recommendation to council on appointments that is in conformity with council's policy on the appointment of directors to council organisations.

For reasons of efficiency and/or expediency, should the Working Party not be able to perform their functions, the council will assume their role and responsibilities. In line with other working parties of council, the Working Party is required to regularly report progress on their functions to the council.

Considerations

1. Options

No.	Option	Advantages	Disadvantages
1	Agree to continue proceeding with the proposal of a joint delivery model for regional economic development with KDC and FNDC, and establish the Regional Economic Development Service Delivery Working Party	Maintains progress towards a joint delivery model. An efficient way to provide for district council input into the SOI and directorship process. Reflects the current situation of council's 100% ownership of Northland Inc.	There will be some staff time and resources associated with administering the working party.
2	Agree to continue proceeding with the proposal of a joint delivery model for regional economic development with KDC and FNDC, but delay establishing the Regional Economic Development Service Delivery Working Party	Maintains progress towards a joint delivery model. Provides more time for new council to consider governance structure and who to appoint.	Progress to deliver on the Mayoral Forum proposal may lose momentum and cause unnecessary delays.
3	Agree to continue proceeding with the proposal of a joint delivery model for regional economic development with KDC and FNDC, but do not establish the Regional Economic Development	Maintains progress towards a joint delivery model.	Progress to deliver on the Mayoral Forum proposal will lose momentum and cause unnecessary delays. Additional staff time and resources will be required

	Service Delivery Working Party		to implement the proposal.
4	Don't agree to continue proceeding with the proposal of a joint delivery model for regional economic development with KDC and FNDC	Releases staff time and resources from implementing the proposal.	Halts progress towards a joint delivery model, and loss of all the advantages associated with it.

The staff's recommended option is Option 1 to agree to continue proceeding with the proposal of a joint delivery model for regional economic development and establish the Regional Economic Development Service Delivery Working Party. A consequence of this decision, Kaipara District Council and the Far North District Council will be invited to nominate two elected members to be their representatives on the Working Party.

2. Significance and engagement

This is purely an administrative matter and when assessed according to the council's Significance Policy is deemed to be of low significance.

3. Policy, risk management and legislative compliance

The activities detailed in this report are in accordance with the council's decision making process and sections 76-82 of the Local Government Act 2002.

Being a purely administrative matter, Community Views, Māori Impact Statement, Financial Implications and Implementation issues are not applicable.

Attachments/Ngā tapirihanga

Attachment 1: Terms of Reference for the Regional Economic Development Service Delivery Working Party [↓](#)

Authorised by Group Manager

Name: Ben Lee
Title: GM - Strategy, Governance and Engagement
Date: 08 September 2020

Document approval

Date	Section amended	Approved By
		As per council resolution

Terms of Reference

Regional Economic Development Service Delivery Working Party

Membership

The Regional Economic Development Service Delivery Working Party shall be comprised of two (2) councillors from Northland Regional Council (the council) and two (2) elected members from each of Kaipara District Council and Far North District Council (district councils) as follows:

Chair:	Cr X. XXXXX
Member:	Cr X. XXXXX
District council representation:	Two (2) members from each of the two (2) District Councils as follows: Cr X. XXXXX, Far North District Council Cr X. XXXXX, Far North District Council Cr X. XXXXX, Kaipara District Council Cr X. XXXXX, Kaipara District Council

Standing orders do not apply.

Quorum

The quorum for meetings of the working party shall be four (4). District council members count towards a quorum. Each local authority must be represented by at least one (1) member to constitute a quorum.

Purpose and term

Northland Inc. Limited is currently 100% owned by Northland Regional Council. The establishment of this working party does not remove or reduce council's responsibilities as the single shareholder of Northland Inc. Limited.

The working party has been established to assist with the potential transition of Northland Inc. Limited to a jointly owned council-controlled organisation (CCO). This development is being consulted on by the district councils in their Long Term Plan 2021-2031.

The term of the working party will conclude on 30 June 2021.

Vision, mission and areas of focus (Long Term Plan 2018-2028)

Our Northland – together we thrive. Working together to create a healthy environment, strong economy and resilient communities.

The working party will contribute directly to the following areas of focus:

- A strong regional economy
- Efficient and effective service delivery

Objectives

The objectives of the working party are to:

- Make recommendations to council on the appointment of Northland Inc. Limited directors;
- Make recommendations to council on Northland Inc. Limited's Statement of Intent 2021-2024; and
- Make recommendations to council on any other matters relating to the regional economic development service delivery as requested by council.

Responsibilities

The working party is directly responsible and accountable to the council for the exercise of its responsibilities. Written updates will be provided to council as appropriate.

In carrying out its responsibilities, the working party must at all times recognise that primary responsibility for management of the council rests with the Chief Executive.

For reasons of efficiency and/or expediency, should the working party not be able to perform their functions, the council will assume their role and responsibilities.

ROLE AND FUNCTIONS

Council authorises the working party, within the scope of its Terms of Reference, role and responsibilities, to:

1. General

- a) Subject to operating within approved budget allocation - obtain information it needs from the CEO and/or external party (subject to their legal obligation to protect information);
- b) Request the attendance of any employee, subject to the Chief Executive's approval, at meetings of the working party or its working groups;
- c) To regularly report progress on its functions to the council; and
- d) Undertake such other functions as may be delegated by council from time to time.

2. Regional Economic Development Service Delivery

For regional economic development service delivery activities:

- a) Provide recommendations to council on the appointment of Northland Inc. Limited directors after following a process that is in conformity with council's policy on the appointment of directors to council organisations;
- b) Provide recommendations to council on Northland Inc. Limited's Statement of Intent 2021-2024 in a timely manner that allows council to fulfil its obligations under the Local Government Act 2002; and

- c) Attend the quarterly workshop sessions between council and the Board of Northland Inc. Limited.

3. No Delegated Authority – Power to Act

The working party has no delegated authority or power to act.