

Investment and Growth Reserve

Criteria and procedures for the allocation of funding

Version 5 – Adopted 22 June 2021

Objective of the Investment and Growth Reserve

1. The objective of the Investment and Growth Reserve (IGR) is to provide a fund that enables shareholder councils to make strategic investments that lift the long-term growth of the Northland economy that support strong communities and environmental sustainability.

Available funding categories

2. Allocations from the IGR must fit one of the following three funding categories:
 - a. Operational expenditure funding for Northland Inc. Limited, the region's economic development agency which is a council-controlled organisation jointly owned by Northland Regional Council, Far North District Council and Kaipara District Council (together known as **shareholder councils**).
 - b. Project Development funding.
 - c. Enabling Investment funding.
3. Annual funding allocation limits apply as follow:
 - a. Northland Inc. Limited operational funding is limited to what is budgeted in their Statement of Intent as agreed by shareholder councils.
 - b. Project Development funding is limited to a maximum of \$300,000 each financial year.
 - c. There is no limit to the quantum of funding provided through the Enabling Investment category although the balance of the IGR cannot fall below \$0 (taking into consideration future funding commitments made to projects).

Procedures and criteria for Project Development funding

4. The purpose of the Project Development category is to provide funding support to assist with developing, proving and/or planning for the success of projects that will contribute toward economic growth within the region for the purpose of making them investment ready. Allocation of funding for Project Development will be managed to ensure that the conditions of the Underwriting Guarantee Agreement between Northland Regional Council and Northland Inc. Limited for the Ngāwha Innovation and Education Centre are fulfilled.
5. For clarity, Project Development funding cannot be used to fund:
 - a. the preparation of a strategy;
 - b. design and engineering related work;
 - c. building or resource consent applications or any other approval required for the project to proceed;
 - d. ongoing capability or delivery functions once a project is funded; or
 - e. a project that is determined to potentially have significant adverse impacts on environmental, social, and/or cultural well-being, regardless of the positive economic impacts.
6. Decisions on funding any single Project Development costing less than \$100,000 is delegated from the Joint Regional Economic Development Committee to the Board of Northland Inc. Limited. Funding from the IGR for Project Development approved by the Board of Northland Inc. Limited will be paid to Northland Inc. Limited upon receipt of an invoice accompanied by evidence of the Board decision.

7. Decisions on funding any single Project Development of \$100,000 or more require a resolution of the Joint Regional Economic Development Committee. These must be accompanied by a Board of Northland Inc. Limited recommendation.
8. Project Development funding decisions made under delegated authority must be reported to the Joint Regional Economic Development Committee through Northland Inc. Ltd quarterly and annual reporting. Copies of the work carried out with Project Development category funding must be provided to council as they are completed.

Procedures and criteria for Enabling Investment funding

9. The purpose of Enabling Investment category is to provide funding for projects that lift the economic performance of Northland through the construction of public or community held infrastructure that underpins economic growth or the development of regionally strategic sectors.
10. Projects eligible for Enabling Investment grant funding must:
 - a. Be located in Northland or substantially located in Northland;
 - b. Align with the Joint Regional Economic Development Committee's priorities for economic development (as set from time to time), including:
 - i. the construction of public or community held infrastructure; or
 - ii. the development of regionally strategic sectors as identified in Northland Inc's Statement of Intent.
 - c. Provide viable, long-term economic development (i.e. beyond immediate short-term employment and business activity) by meeting one or more of the following:
 - i. Generating ongoing net economic benefit to the region;
 - ii. Creating ongoing new jobs in the region;
 - iii. Increasing exports from the region;
 - iv. Being innovation based.
 - d. Demonstrate that the development can be achieved in a way that supports strong communities and environmental sustainability in Northland.
11. For clarity, Enabling Investment funding cannot be used to fund:
 - a. Projects or private businesses that generate profits which are not fully reinvested into the project or utilised for other public economic development benefits; or
 - b. Any project that is determined to potentially have significant adverse impacts on environmental, social, and/or cultural well-being, regardless of the positive economic impacts.
12. Decisions on funding Enabling Investment projects can only be made by resolution of the Joint Regional Economic Development Committee based on the following guidelines:
 - a. Applications have been considered and evaluated for funding by the Northland Inc. Limited Board.
 - b. Funding provided is intended as partnership funding and cannot account for more than 33% of the total project cost unless it is demonstrated that there are exceptional circumstances.
 - c. On behalf of the Joint Regional Economic Development Committee, Northland Regional Council will issue a formal offer to the project sponsor setting out the terms and conditions for funding. This offer will include milestones, key performance indicators and regular reporting requirements.
13. Applications for Enabling Investment funding considered by council must be accompanied by a robust business case that has been prepared at a level commensurate with the quantum of funding being requested. A business case must include the following elements:
 - a. Description of the project – e.g. what is the proposal?

- b. Strategic case / alignment – e.g. why should council make the investment? How does it align with strategic economic priorities for the region?
- c. Sustainability case – e.g. what are the costs and benefits of the project? What other options were considered?
- d. Financial case – e.g. how will the project be funded, both in the build and long-term operation? What other investors are being sought? What will council’s funding contribution be used for? Are there profits being made by the private sector and if so by who?
- e. Management case – e.g. how will the project be undertaken and over what time frame? Do the project proponents have the competence, experience and capacity to deliver the project? What statutory approvals are required (e.g. resource consents)?