



**CENTRAL  
HAWKE'S BAY**  
DISTRICT COUNCIL



## Extraordinary Council Meeting Agenda

Thursday, 25 June 2020

3:00pm

Council Chamber

28-32 Ruataniwha Street, Waipawa

*Together we Thrive! E ora ngātahi ana!*

## Order Of Business

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- 1 **KARAKIA**
- 2 **APOLOGIES**
- 3 **DECLARATIONS OF CONFLICTS OF INTEREST**
- 4 **STANDING ORDERS**

**RECOMMENDATION**

THAT THE FOLLOWING STANDING ORDERS ARE SUSPENDED FOR THE DURATION OF THE MEETING:

- 21.2 TIME LIMITS ON SPEAKERS
- 21.5 MEMBERS MAY SPEAK ONLY ONCE
- 21.6 LIMITS ON NUMBER OF SPEAKERS
- THAT 22.4 OPTION C UNDER SECTION 22 GENERAL PROCEDURES FOR SPEAKING AND MOVING MOTIONS BE USED FOR THE MEETING.

## 5 REPORT SECTION

### 5.1 HAWKE'S BAY DISASTER RELIEF TRUST - COUNCIL CONTROLLED ORGANISATION EXEMPTION

**File Number:**

**Author:** Brent Chamberlain, Chief Financial Officer

**Authoriser:** Monique Davidson, Chief Executive

**Attachments:** Nil

#### PURPOSE

The purpose of this report is to obtain a decision from the Council to exempt the Hawke's Bay Disaster Relief Trust from the requirements imposed on Council Controlled Organisations (CCO) under the Local Government Act 2002 (LGA).

#### RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report:

- a) That the report of the Chief Financial Officer titled "Hawke's Bay Disaster Relief Trust - Council Controlled Organisation Exemption" dated 25<sup>th</sup> June 2020 be received.
- b) That, as provided for in sections 6 and 7 of the Local Government Act 2002, the Council grants the Hawke's Bay Disaster Relief Trust an exemption from being a Council Controlled Organisation, as defined by section 6 of the local Government Act 2002 for a period of three years to 30 June 2023.
- c) With the reasons for this decision being the level and cost of reporting required of a CCO under the LGA is disproportionate to the size, type and the breadth of operations the Trust undertakes and this would not contribute to the effective and efficient provision of support to individuals and the community in an emergency.

#### EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to obtain a decision from the Council to exempt the Hawke's Bay Disaster Relief Trust from the requirements imposed on Council Controlled Organisations (CCO) under the Local Government Act 2002 (LGA).
- 1.2 The exemption will allow a reduced reporting requirement for the Trust under the LGA.
- 1.3 The Council is required to give effect to the purpose of local government as prescribed by Section 10 of the LGA. That purpose is to meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. Good quality means infrastructure, services and performance that are efficient and effective and appropriate to present and anticipated future circumstances.
- 1.4 This report concludes by recommending that the Hawke's Bay Disaster Relief Trust be exempt from being a CCO under the LGA.

**BACKGROUND**

- 1.5 Hawke's Bay Disaster Relief Trust was created by the Hawke's Bay Civil Defence Emergency Management (CDEM) Group in March 2020. As the Hawke's Bay CDEM Group is made up of all five Hawke's Bay local authorities and the Trustees are the Mayors and Regional Council Chair, it is considered that the Trust should be considered under the provisions of the LGA as they relate to a CCO.
- 1.6 It is proposed that the Trust be considered for exemption from the requirements imposed on CCOs under section 7 of the LGA. This exemption must be approved by all five councils. Section 7(6)(a) of the LGA also stipulates that a Council must review any exemptions granted under section 7 within 3 years after it was first granted.
- 1.7 The LGA allows a local authority to exempt organisations from being CCOs. The following are the relevant sections of the LGA:

***"7 Exempted organisations***

*(3) A local authority may, after having taken account of the matters specified in subsection (5), exempt a small organisation that is not a council-controlled trading organisation, for the purposes of section 6(4)(i).*

*(4) An exemption must be granted by resolution of the local authority.*

*(5) The matters are –*

*(a) the nature and scope of the activities provided by the organisation; and*

*(b) The costs and benefits, if an exemption is granted, to the local authority, the council-controlled organisation, and the community."*

- 1.8 The Trust is not a council-controlled trading organisation. The LGA identifies monitoring and requirements for CCOs which include half yearly and annual reports plus an annual Statement of Intent.
- 1.9 The Hawke's Bay Disaster Relief Trust is a charitable trust that has the following stated purpose:
- To provide financial and any other relief or assistance to meet the welfare and other needs of people who have suffered any injury, damage or loss following the occurrence of a disaster that qualifies as an "emergency" under the Civil Defence Emergency Management Act 2002 (or any later replacement thereof), whether natural or otherwise, within the legal boundaries of the Wairoa, Hastings, and Central Hawke's Bay District Councils and Napier City Council. For the avoidance of doubt "those in need" is to be construed as widely as possible and includes individuals, communities, businesses, non-government organisations, the Local Authorities and other legal persons approved by the Trustees.*
- 1.10 The Trust is a Council Controlled Organisation because under the trust deed the Mayors and Regional Council Chair are the Trustees. This means that the Hawke's Bay Councils have effective control of the Trust Board and its assets. In practical terms however, the Trust Board is allowed to administer and distribute funds to alleviate the impacts of an emergency or a disaster on the community as it sees fit with the constraints of the Trust Deed (Attachment 1).
- 1.11 Section 7(7) of the LGA states that a Local Authority may, at any time, revoke an exemption it has granted and Council would be inclined to do so if the nature and scope of activities provided by either organisations increased to a level that warranted a change.



**DISCUSSION**

- 1.12 Day to day the Hawke's Bay Disaster Relief Trust is a small entity with limited or no turnover.
- 1.13 This may change during an emergency where the Trust is gifted monies to administer within the confines of the Trust Agreement.
- 1.14 A good example of this is the current Hawke's Bay drought event where three Hawke's Bay councils, central government, companies and individuals have donated funds for the Trust to distribute in support impacted by the drought. The amount of money held by the Trust for this purpose amounts to approximately \$1m.
- 1.15 The Trust has approved a process for the distribution of these funds and at the time of writing this report applications are being received and processed.

**RISK ASSESSMENT AND MITIGATION**

- 1.16 This recommendation relates to operational efficiency given the size and breath of the organisation, but should this level of activity change in the future this exemption can be revoked at any time.
- 1.17 The other Hawkes Bay Councils involved in the Trust are making similar resolutions.

**FOUR WELLBEINGS**

This decision has no impact on Cultural, Social, or Environmental Wellbeings, but does have the impact of reducing the economic burden on a small local charitable trust.

**DELEGATIONS OR AUTHORITY**

This decision is required to be made by the Local Authority under the Local Government Act 2002.

**SIGNIFICANCE AND ENGAGEMENT**

accordance with the Council's Significance and Engagement Policy, this matter has been assessed minor in nature.

**OPTIONS ANALYSIS**

Council can resolve to approve the exemption for the Hawke's Bay Disaster Relief Trust, or it can refuse the exemption requiring the Trust to report as required under the LGA.

**Recommended Option**

This report recommends option number one, resolve to exempt the Hawke's Bay Disaster Relief Trust from the requirements imposed on Council Controlled Organisations (CCO) under the Local Government Act 2002 (LGA) for addressing the matter.

The level of reporting required of a CCO under the LGA is disproportionate to the size, type and the breadth of operations the Trust undertakes.

**NEXT STEPS**

This decision needs reviewing in 3 years time, or earlier if desired.

**RECOMMENDATION**

**That having considered all matters raised in the report:**

- a) That the report of the Chief Financial Officer titled “Hawke’s Bay Disaster Relief Trust - Council Controlled Organisation Exemption” dated 25<sup>th</sup> June 2020 be received.**
- b) That, as provided for in sections 6 and 7 of the Local Government Act 2002, the Council grants the Hawke’s Bay Disaster Relief Trust an exemption from being a Council Controlled Organisation, as defined by section 6 of the local Government Act 2002 for a period of three years to 30 June 2023.**
- c) With the reasons for this decision being the level and cost of reporting required of a CCO under the LGA is disproportionate to the size, type and the breadth of operations the Trust undertakes and this would not contribute to the effective and efficient provision of support to individuals and the community in an emergency.**



**6 DATE OF NEXT MEETING**

**RECOMMENDATION**

THAT the next meeting of the Central Hawke's Bay District Council be held on 30 July 2020.

**7 KARAKIA**

**8 TIME OF CLOSURE**