

STAFF REPORT

TO: Mayor and Councillors
FROM: David Ward
DATE: 21 July 2006
SUBJECT: Disaster Fund Policy Reviews

At the Corporate Services Committee meeting held on 11 May 2006, general discussion was held around the wording of both the General Disaster Fund and the Rivers Disaster Fund.

It was acknowledged that when these two policies were written, economic conditions in the district were significantly different from those of today and that the policies were written generally to acknowledge the insurance market of the time (1998).

Staff were requested to review the existing policies, to implement any considered changes and to include the (amended) policies on the agenda for today's meeting.

The attached policies have been prepared by Council's Corporate Services staff and peer reviewed by Council's Engineering staff. In essence they are prepared to provide an immediate cash source where no other is available to reinstate Council-owned services or assets following any major unforeseen event. The philosophy behind the disaster funds was to protect the District's ratepayers from any significant rating variation should the need to financially respond to a disaster occur.

In reviewing these policies, staff formed the view that insurance cover remains largely uneconomic and that funding from central government in the event of a major unforeseen event, is not guaranteed.

Usage of the fund is restricted to three specific occurrences;

- a) Contributing to the costs incurred in any Civil Defence or adverse event emergency;
- b) Contributing to the costs of reinstatement of service capability which arises from a defined, major, short duration, unforeseen natural event;
- c) Contributing to the costs of any emergency preventative works required to protect service capability.

Staff have retained the contingency clause in the policy which notes the first \$100,000 of any claims within a financial year is to be funded from annual operating budgets. Council is reminded that when these policies were initially written (in 1998) that it was accepted Council policy to include a contingency sum of \$100,000 in its annual operating budget. This practice has since ceased. We are of the view

however, that where a disaster occurs, it is likely that resources and staff time would be diverted to attending to that event, generally at the expense of other planned work – thus the reason for retaining the contingency clause.

It is proposed that any requests for financial assistance from either the General Disaster Fund or the Rivers Disaster Fund continue to be referred through the Corporate Services Committee. In considering any future requests for financial assistance, the Corporate Services Committee will give strict consideration in accordance with the criteria contained within each policy. It is this criteria that today's meeting should consider very closely before adopting the two policies.

As at 30 June 2006, Council had the sum of \$611,354 separately banked for the General Disaster Fund and the sum of \$1,417,624 separately banked for the Rivers Disaster Fund.

Recommendation

That the Corporate Services Committee formally adopts the finance policies for the General Disaster Fund for Council assets and the Rivers Disaster Fund.

David Ward
Corporate Services Manager