

28. 7. 2011

30. CHRISTCHURCH EARTHQUAKE MAYORAL RELIEF FUND: TRANSFER OF FUNDS AND AUCKLAND COUNCIL DONATION

General Manager responsible:	General Manager Regulation & Democracy Services , DDI 941-8462
Officer responsible:	Democracy Services Manager
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PURPOSE OF REPORT

1. The purpose of this report is to:
 - (a) request the Council to note the transfer of funds totalling \$370,366.17 to the Christchurch Earthquake Mayoral Relief Fund ("the Mayoral Earthquake Relief Fund") from that Fund to the Mayor's Welfare Fund, to better reflect the basis on which these monies were given by the donors of those funds, and
 - (b) request the Council to note a significant donation of \$1.5 million from the Auckland Council to the Mayoral Earthquake Relief Fund, which has been provided on the conditional basis of it being used for the funding of parks and recreation projects as set out in this report, and to approve a grant from the Mayoral Earthquake Relief Fund of that sum to the Christchurch City Council to fund those projects.

EXECUTIVE SUMMARY

2. The purpose of the Mayoral Earthquake Relief Fund as adopted by the Council on 12 May 2011 is set out in paragraph 6 below. As trustee for the Fund, the Council is bound to apply the monies only for the purposes specified in the Council resolution of 12 May 2011.
3. Following the 22 February 2011 earthquake the sum of \$370,366.17 was cumulatively received by the Council from a number of donors on the basis that it be applied to a range of welfare purposes specified by the individual donors (e.g. "assistance for those suffering", "family with children who have suffered significant loss", "food" etc). As noted under the Legal Implications heading below, the Mayoral Earthquake Relief Fund's purposes do not include welfare purposes. These donations should therefore not be received by the Mayoral Earthquake Relief Fund and should more correctly be received by the Mayor's Welfare Fund. A Council resolution is required to effect this transfer.
4. A donation of \$1.5 million has also been made to the Mayoral Earthquake Relief Fund by the Auckland Council, on the conditional basis that the funding be used specifically for the purpose of repairs to a number of parks and recreation areas affected by the earthquakes (see paragraph 20 below). While this funding has essentially been "tagged" for a specific purpose and cannot therefore be used for any other, the Council still needs to formally resolve to approve the allocation of the funding.

FINANCIAL IMPLICATIONS

5. As at 1 July 2011 there was a total of \$4,895,818 in uncommitted funds in the Mayoral Earthquake Relief Fund, including the donation from Auckland Council. Acceptance of this report's recommendations means that the balance will reduce to \$3,025,452. (Grants approved by the Council to date are outlined in **Attachment 1**).

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LEGAL CONSIDERATIONS

Have you considered the legal implications of the issue under consideration?

6. At the Council meeting of 12 May 2011 it was resolved:
- ...(b) That the Christchurch Earthquake Mayoral Relief Fund was established, and will continue to be maintained, by the Council as a "public fund" (as described in section LD 3(2)(d) of the Income Tax Act 2007) exclusively for the purpose of providing money for any one or more charitable, benevolent, philanthropic or cultural purposes related to and in particular to provide relief to the people of Christchurch from the adverse effects of the 4 September 2010 and 22 February 2011 earthquakes, and associated aftershocks, by providing money for the any activity or work required as a result of those events that:*
- (i) contributes to the rebuilding of the social and physical infrastructure of Christchurch, and*
 - (ii) assists in:*
 - remedying hardship suffered by individuals, groups, community organisations and businesses, and/or*
 - protecting, repairing damage to or enhancing the physical fabric of the city.*
7. The Mayoral Earthquake Relief Fund essentially operates as a trust with the Council acting as the trustee. As trustee, the Council is bound to apply the monies only for the purposes specified in the Council resolution above.
8. In terms of the activities that can be funded by the Mayoral Earthquake Relief Fund, the first requirement is that any grant be used to contribute to the rebuilding of the social and physical infrastructure of Christchurch. The Oxford Dictionary defines the word "infrastructure" generally as "the foundation or basic structure of an undertaking", and specifically as "the installations and services (power stations, sewers, roads, housing etc) regarded as the economic foundation of a country". The word "infrastructure" therefore implies the undertaking of physical works.
9. However, paragraph (b)(i) of the resolution refers to "...any activity or work required as a result of those events that...**(i) contributes** to the rebuilding of the social and physical infrastructure of Christchurch..." It is therefore not necessary that the Mayoral Earthquake Relief Fund's monies be applied solely to rebuilding actual physical infrastructure, but it is necessary that the monies be applied to any work or activity that **contributes** to such rebuilding. Therefore, whilst the focus of the Mayoral Earthquake Relief Fund is the rebuilding of the social and physical infrastructure ("bricks and mortar"), it can also be used for any activity which **contributes** to that outcome.
10. In addition, any grant from the Mayoral Earthquake Relief Fund must also assist in either remedying hardship or protecting, repairing ... or enhancing the physical fabric of the city.
11. As noted above, the Mayoral Earthquake Relief Fund's purposes do not include welfare purposes. As the donors of the cumulative sum of \$370,366.17 have requested that their donations be applied to welfare purposes, this sum should therefore not be received by the Mayoral Earthquake Relief Fund and should more correctly be received by the Mayor's Welfare Fund.
12. Whilst the purposes of the Mayoral Earthquake Relief Fund could be altered to include welfare purposes, given the existence of the Mayor's Welfare Fund that is not considered necessary. In addition the process to alter the purposes of the Mayoral Earthquake Relief Fund would cause delay in that the approval of the Inland Revenue Department and a further report to the Council would be required.

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13. The sum of \$370366.17 could be transferred to either the Mayor's Welfare Fund or the Red Cross. It is considered that transferring the amount to the Mayor's Welfare Fund more closely accords with the wishes of the donors as it is a Fund administered by the Council, as is the case with the Mayoral Earthquake Relief Fund.
14. As the purposes specified by the donor accord with the purposes of the Mayoral Earthquake Relief Fund there are no specific legal implications arising from the donation from the Auckland Council; other than to note that as the donation has been provided on a conditional basis it must therefore be used exclusively for that purpose.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

15. Not applicable.

ALIGNMENT WITH STRATEGIES

Do the recommendations align with the Council's strategies?

16. Not applicable.

CONSULTATION FULFILMENT

17. Discussions with staff from the Auckland Council and the Chair of the Mayor's Welfare Fund have taken place before finalising this report's recommendations.

STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Note the transfer of \$370,366.17 tagged for purposes outside of the terms of the Christchurch Earthquake Mayoral Relief Fund to the Mayor's Welfare Fund to assist with remedying hardship suffered by individuals and/or families domiciled in Christchurch from the adverse effects of the 4 September 2010 and 22 February 2011 earthquakes and associated aftershocks, in accordance with the wishes of the donors of those funds.
- (b) Note that the Auckland Council has made a donation to the Christchurch Earthquake Mayoral Relief Fund of \$1.5 million on the conditional basis that it be used for the funding of specific parks and recreation projects as set out in paragraph 20 of this report
- (c) Approve a grant of \$1.5 million from the Christchurch Earthquake Mayoral Relief Fund to the Christchurch City Council for the purpose of funding the specific parks and recreation projects as set out in paragraph 20 of this report.

MAYORAL RECOMMENDATION

That the staff recommendation be adopted.

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BACKGROUND (THE ISSUES)**Proposed Transfer of Funds to Mayors' Welfare Fund**

18. Following the 22 February 2011 earthquake the sum of \$370,366.17 was cumulatively received by the Council from a large number of donors on the basis that it be applied to a range of welfare purposes specified by the individual donors (e.g. "assistance for those suffering", "family with children who have suffered significant loss", "food" etc). As noted under the Legal Implications heading above, the Mayoral Earthquake Relief Fund's purposes do not include welfare purposes. These donations should therefore not be received by the Mayoral Earthquake Relief Fund and should more correctly be received by the Mayor's Welfare Fund. A Council resolution is required to effect this transfer.
19. The Mayor's Welfare Fund is considered to be the appropriate recipient of the \$370,366.17 because its purpose is to provide relief to those residents of and visitors to Christchurch suffering hardship or distress. The Fund works with social service agencies in the city and provides assistance where real need can be shown. The Fund has an administrative structure for disbursing funds already in place, including a committee chaired by Councillor Helen Broughton and also comprising a representative from each of the following agencies: Age Concern, Work and Income NZ, City Mission, Methodist Mission, Pasifika Education and Employment Training, and Prisoners' Aid Service NZ.
20. Different categories of assistance currently apply for funds disbursed through the Mayor's Welfare Fund, e.g. assistance with electricity, rent arrears, bond shortfalls, firewood and emergency dental or medical issues. It is proposed that the funds transferred from the Mayoral Earthquake Relief Fund be kept distinct from any other funds that the Mayor's Welfare Fund Committee administers; that they be tagged specifically for the purpose of hardship suffered by individuals and/or families from the adverse effects of the 4 September 2010 and 22 February 2011 earthquakes and associated aftershocks. Given the membership of the Mayor's Welfare Fund Committee, i.e. a cross section of social agencies, the Committee could consider which areas of welfare need related to the earthquakes are not met by any other fund, for example meeting tenancy and bond requirements if needing to move to rental accommodation while a home is being repaired or rebuilt, or contributing to high winter electricity costs for those residents not covered by Red Cross grants. It is proposed that the Committee also report quarterly to the Council on the allocation of these funds; specifically the purpose to which they have been allocated.

Donation from Auckland Council for Repairs to Parks and Recreation Areas

21. The Auckland Council has made a donation of \$1.5 million to the Christchurch Earthquake Mayoral Relief Fund, tagged for the parks and recreation area. These funds have been donated provided that they go towards priority projects for the residents of Christchurch, including:
- \$200,000 **Rugby World Cup Fan Zone and Christchurch Events Village in Hagley Park** – contributing to the infrastructure required to provide the Rugby World Cup Fan Zone and an events village for displaced performing arts and events activity to take place in Christchurch.
 - \$200,000 **Scarborough to Sumner Beach restoration** - the restoration of the coastal strip of parks starting at Scarborough Beach and extending along the coast to Sumner Surf Club.
 - \$400,000 **Playground Safety Surface renewals** – replacing surfaces damaged with liquefaction
 - \$100,000 **Mature Tree Replacements** - replanting of trees at Hagley Park and South New Brighton Domain where a significant number of mature trees have been damaged by the earthquake and have had to be removed
 - \$400,000 **Eastern Suburbs park repairs**
 - \$200,000 **Port Hills restoration** including rock fencing and planting

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22. These projects above have been identified as they are projects that would benefit a wide range of Christchurch residents, are not funded by insurance, are in areas that are feasible for short term repair, and do not have other allocated funds for repair.
23. More detail on each of these projects will be provided to elected members and the community as planning for their development/implementation gets underway.