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Committee CDEM Group
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CDEM Group financial arrangements

1. Purpose

To report on a proposal for sharing the costs of the CDEM Group and associated work projects.

2. Background

The Co-ordinating Executive Group (CEG) requested a report on cost sharing. The issue was raised in connection with the development of a CDEM Group brand when it was agreed that territorial authorities and the regional council share costs on a pro rata basis according to population

3. Principles of cost sharing

One of the purposes of the Civil Defence Emergency Management Act 2002 (the Act) is to:

require local authorities to co-ordinate, through regional groups, planning programmes, and activities related to civil defence emergency management across the areas of reduction, readiness, response and recovery, and encourage co-operation and joint action within those regional groups (s.3(d))

The legislation focuses on co-operation and co-ordination. This is reflected by the requirement to form a CDEM Group and a CEG, as well as to prepare a Group Plan. The Act regards emergency management in the Region as a shared responsibility of all local authorities and emergency services. It follows that this shared responsibility be reflected by some manner of cost sharing and that all parties should be prepared to contribute their fair share of the costs involved.

This raises the question of “what costs should be shared – and how?” The following guiding principles provide a useful starting point:

- Only costs incurred on activities that benefit the CDEM Group as a whole will be shared.
- Cost sharing will be kept simple. The administrative arrangements will not detract from the benefits of cost sharing.
- All constituent organisations will agree to contribute staff time.

- All constituent organisations will agree to share the workload.
- Any cost sharing agreements will recognise the funding source.
- All cost sharing will be subject to prior approval.

4. Administrative costs

Section 24 of the Act provides for the cost of administrative and related services to be agreed from time to time by the CDEM Group. The adopted Terms of Reference for the Wellington CDEM Group state that, until otherwise agreed, Greater Wellington will cover the full administrative costs of servicing the CDEM Group.

In addition, the Terms of Reference for the CEG states that the parent authority shall meet any costs associated with the attendance of their representative at CEG meetings.

5. Proposed way forward

Our CDEM Group has only been in place for a short period of time and we are yet to fully comprehend the implications for the individual members. At present the key task is to prepare the CDEM Group Plan. The Plan has strategic, operational and administrative components. A report on the draft strategic part of the Plan is before this meeting.

The bulk of the strategic work programme is planning activities, that is, preparing strategies, plans, reviews, guidelines etc. In contrast, the operational part will address such issues as the siting of the Group's Emergency Operations Centres and roles and responsibilities for emergency functions (for example, search and rescue, logistics supply, welfare). The administrative part will include the appointment of various personnel (for example, Group Controller, Local Controllers (if used), Group Recovery Manager).

The operational and administrative parts of the Plan will be completed for the August 2004 meeting of the CEG. The CEG is scheduled to meet in October 2004 to give its final approval for the Plan. The CDEM Group will approve the draft Plan for public consultation in November 2004. The Plan will be operative in May 2005.

For the purposes of this discussion, the CDEM Group work can be grouped into three parts:

- Activities to be undertaken between now and the Plan becoming operative.
- Strategic planning activities (strategic part of the Plan).
- Operational activities that include infrastructure and Group personnel (operational and administrative parts of the Plan).

5.1 Activities between now and the Plan becoming operative

The re-branding work falls under this heading, as does the review and re-printing of publications (Report 4). For the branding work the agreement was

to share costs between the local authorities on a pro rata basis by population. However, this does not work if the regional council is to be included.

In early discussions about the setting up of the CDEM Group it was agreed that, in the interim, funding be provided from the current budgets of constituent members.

If the guiding principles outlined in 3 above are applied, a logical approach for dealing with CDEM Group work in the period up to the Plan becoming operative is for each constituent local authority member of CEG to provide staff resources and to bear the resulting costs. However, in the event of external assistance being required (as in the case of the re-branding), a cost sharing formula should be applied.

It is suggested that an appropriate formula is 50% of the costs being paid by the regional council and the remaining 50% being split amongst the constituent territorial authorities on a pro rata by population basis. However, a threshold of \$10,000 is suggested so that the CEG does not become swamped with excessive accounting! This is in keeping with the guiding principles. The formula could be applied to the re-branding work.

However, CEG membership is not confined to local authorities; District Health Boards, New Zealand Police and New Zealand Fire Service are also represented. It is suggested that the same funding formula apply.

An “exception basis” provision should be included whereby if any CEG member feels that they are being unnecessarily burdened by costs, they may bring the matter to CEG for decision.

5.2 Strategic Planning Activities

It is suggested the funding formula described above be applied to any external costs associated with these activities, that is, 50% regional council and the remaining 50% being split amongst the constituent territorial authorities on a pro rata basis by population. The \$10,000 threshold should apply and the “exception basis” provided.

5.3 Operational and administrative activities

It is too early to make any decisions about funding for these activities as these parts of the Plan have not yet been drafted. The costs for these activities are also likely to be on-going and greater than those discussed above.

It is suggested that the funding arrangements proposed in this report be regarded as interim and guide CDEM Group and the CEG in the short-term. A second report will be prepared for the next meeting of the CEG and the CDEM Group when the operational and administrative parts of the plan will be discussed and the implications of any financial arrangements will be clearer.

6. Conclusion

It is too early to make any final decisions about cost sharing for the CDEM Group as the CDEM Plan is still being developed. Until that Plan is completed the implications of any funding options will not be clear.

In the interim period, it is suggested that the guiding principles be adopted and that a funding formula be applied whereby:

- Each member of the CEG will provide staff resources at their own cost.
- If and when external assistance is required, costing over and above \$10,000, those costs will be split on the basis of 50% regional council and the remaining 50% split amongst the constituent territorial authorities on a pro rata by population basis.
- All costs to be shared will be pre-approved by the CEG.
- Exceptions to be brought before the CEG for decision.

A final funding report should be provided to the next meeting of the CEG and the CDEM Group.

7. Recommendation

- 1. that the report be received;*
- 2. that the funding arrangements be regarded as interim and that a further funding report be provided to the August 2004 meeting of the CEG and the next meeting of the CDEM Group.*
- 3. that in the period up to the Plan becoming operative, and provisionally for the strategic part of the Plan, the following funding formula apply:*
 - each member of the CEG will provide staff resources at their own cost*
 - if and when external assistance is required, costing over and above \$10,000, those costs will be split on the basis of 50% regional council and the remaining 50% split amongst the constituent territorial authorities on a pro rata by population basis.*
 - all costs to be shared will be pre-approved by the CEG*
 - exceptions will be brought before the CEG for decision*

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