



KAIKOURA DISTRICT COUNCIL



Te Tari Taiwhenua
Internal Affairs

Budget 2018 New Initiative - Natural Hazards and Financial Sustainability Funding:

Memorandum of Understanding

Between

Kaikōura District Council

and the

Department of Internal Affairs

Memorandum of Understanding

Part A: Introduction

1. This Memorandum records the parties' understanding of, and expectations regarding:
 - how the parties intend to work together and what they are seeking to achieve with the Budget 2018 new initiative funding for natural hazards and financial sustainability (as outlined below);
 - the process by which draw-downs can occur from Budget 2018 new initiative funding; and
 - the Council's accountability for any draw-downs from the fund.
2. This Memorandum of Understanding (Memorandum) is not intended as a legally binding document, but is designed to form the basis for ongoing collaborative work within an open and trusting environment, with no surprises occurring.

The Parties

3. The Parties to this Memorandum are:
 - The Kaikōura District Council (the Council); and
 - The Department of Internal Affairs (the Department).
4. Each one a Party and together referred to as the Parties. The parties have committed to work together collaboratively to support the recovery effort.
5. Appendix A outlines the Crown-Council governance structure to be in operation, which includes oversight and accountability for this Budget 2018 new initiative funding.

Part B: Context

Budget 2018 initiative – Additional Crown Support for the Kaikōura Recovery

6. The New Zealand Government's Budget 2018 provided new policy initiative funding within Vote Internal Affairs for "Additional Crown Support" to Kaikōura for "Supporting Local Authorities' Post-Earthquake Statutory Activities". \$2.3 million will be appropriated in 2018/19 and \$0.5 million in 2019/10 and is limited to assistance for Kaikōura District Council to:
 - provide additional Crown support to assist the Council with meeting its statutory activities and mitigating risks to life from natural hazards; and¹
 - support the Council's return to financial sustainability.

Note: the provisional split between priorities is \$1.3m for financial sustainability and \$1.5m for natural hazards. [This detail was not included in the Estimates as they are in a single appropriation]

¹ [Budget 2018 New Initiative - Additional Crown Support](#)

Part C: Governance

7. The Department is responsible for reporting on the use of Budget 2018 initiative funding, including to Ministers and Parliament. The Council is responsible for its own decisions on the use of the funding to assist those affected by the 2016 earthquake.
8. The Parties have accordingly reinstated a Kaikōura Earthquake Recovery - Council-Crown Governance Structure. Appendix A refers. (Note: the terms of reference for this Steering Group are to be adopted and appended to this Memorandum).
9. This Kaikōura Recovery Steering Group (KRSG) will:
 - oversee the work of two working groups: Natural Hazards and Financial Sustainability;
 - provide oversight and guidance of the projects within the two workstreams, making decisions on the work programme, and approving new projects; and
 - monitor the progress of the work programme and agree to any remedial actions or changes in work scope.
10. A regular meeting process is to be established with notes from the Steering Group being available to the Parties.

Part D: Decision-making processes

11. The Kaikōura Recovery Steering Group (the Steering Group) will ensure that there is transparency in the decision-making processes; and where appropriate joint views and agreed positions are developed. This Steering Group will not usurp the Council's decision-making processes but will provide assurance that proposals are developed collaboratively, with due diligence occurring, and a general policy of 'no surprises' operates.
12. The parties will jointly appoint representatives to the steering group, including an independent chair.

Part E: Draw-down of funding

13. It is expected that both parties will also agree to a clear set of outcomes and deliverables associated with this funding. In particular, the desired outcomes are:
 - assistance for property owners at highest risk to life from natural hazards within Kaikōura;
 - a financially efficient Council (in relation to appropriate debt levels and new sources of revenue; commercial operations, such as the harbour and airport; possible divestment of assets; and the development of core transformational projects); and
 - an enhanced capability for the Council, with a fit for purpose structure to meet future needs and exploration of shared servicing and other arrangements.

14. The Council will identify the type and nature of expertise it requires associated with any draw-down of funding, such as assistance to property owners at highest risk of life (including legal and communications expertise). This information will be required to support procurement processes. (To elaborate?)
15. Funding proposals need to be based upon a robust business case, with reliable and verifiable costings information.
16. A process by which initiative funding is to be accessed has been agreed by both parties. This decision-making process will be subject to the following provisos:
 - any draw-down requires agreement from the Deputy Chief Executive (Central Government – Local Government Partnerships);
 - any expenditure must meet the parameters and criteria associated with the agreed Budget 2018 new initiative “Supporting local Authorities’ Post-Earthquake Statutory Activities”, namely mitigation of highest risks to life from natural hazards and developing a financially efficient Council; and
 - there needs to be a clear paper trail, or business case prepared by the Council, outlining what is to be achieved, to accompany expenditure for this new initiative appropriation.

Part D: Administrative matters

Disputes Resolution

17. The Parties agree they must resolve any issues between them in a constructive, co-operative and timely manner.
18. The Parties will follow a disputes resolution process as follows:
 - i. As soon as practicable upon identifying an issue of potential disagreement or dispute, the Kaikōura District Council Chief Executive and the Deputy Chief Executive (Central/Local Government Partnerships Group) will meet to work in good faith to resolve the issue.
 - ii. The Minister of Local Government has ultimate responsibility and accountability for this parliamentary appropriation.

Signatories


The undersigned hereby execute this Memorandum of Understanding

SIGNED for and on behalf of the: KAIKŌURA DISTRICT COUNCIL


(full name)

Signature:

Date:


Witness


Signature:

SIGNED for and on behalf of the: ~~MINISTER OF LOCAL GOVERNMENT~~ DEPARTMENT OF INTERNAL AFFAIRS


(full name)

Signature:

Date: 21/7/18


Witness

Signature: