



Government financial support to local authorities during an emergency – Disaster Relief Funds

In an emergency, the Government may choose to make a financial contribution to the disaster relief fund (DRF) founded by a local authority. The DRF is often contributed to a mayoral relief fund (MRF), administered by the local authority/council.

This factsheet informs how local authorities can use a government contribution towards DRF. For more information on Government financial contributions to emergency events, please see Section 33.5.2 of The Guide to the National Civil Defence Emergency Management Plan 2015.

The Minister for Emergency Management, together with the Prime Minister or Minister of Finance, may authorise a contribution of up to \$100,000 (GST exclusive) per event.

Purpose of contribution:

A contribution from the government provides an additional way to quickly help impacted communities recover from emergencies. Disaster relief funds are designed to supplement other government assistance that may be available, such as contributions from the Ministry of Social Development and Ministry for Primary Industries.

- The Government may consider providing a financial contribution to a disaster relief fund that is established by a local authority. This contribution recognises local authorities' responsibilities to support communities in recovering from an emergency.
- Any decision on whether a contribution can be made, along with the contribution amount is determined based on an event's scale or needs on ground.
- Government contributions above \$100,000 (GST exclusive) per event will require Cabinet approval.

What the funds can be used for:

Disaster relief funds may be used to support and meet the needs of affected individuals, families, community organisations, small businesses and marae. Local communities and councils are well-

placed to know exactly what they need. Each local authority has discretion in setting its own criteria for how the funds are disbursed.

Examples of how disaster relief funds can be used:

- dealing with septic tank overflow
- filling water tanks
- clearing debris from properties
- supporting individuals/families faced with hardships as a result of an emergency
- assisting small businesses impacted by an emergency where appropriate
- koha to a team or individual who assist in clean up at their expense – for example a local rugby team that helps out
- refreshments for organisations/people who help with clean up
- replacement of articles that cannot be insured by people – for example fences, footpaths etc.
- assisting people with basic needs, clothes, bedding etc where the individual/family does not have the capacity to buy their own insurance cover

Funds contributed to a Mayoral Relief Fund must be applied to supporting affected individuals, families, community organisations, businesses and marae and must not be used for council's administrative or businesses costs.

Disaster relief funds are not intended to replace other existing funding sources, such as:ⁱ

- **Welfare** – Eligible costs are funded separately by the government
- **Infrastructure** – The government will meet some costs of essential infrastructure
- **Insurance or costs** covered by other funding sources.
- **Other response costs** – 60 per cent funded by the Government (above the local authority's threshold) and 40 per cent funded by the local authority.

Fact sheets for other existing funding sources listed above can be found on NEMA's website.ⁱⁱ

What local authorities need to do to receive Government financial contributions:

Following the Government announcing a contribution to a disaster relief fund, the National Emergency Management Agency will ask the local authority to prepare and submit a tax invoice for the contribution. The Department of the Prime Minister and Cabinet will make the payment to the local authority following the receipt of the tax invoice and after receipt of appropriate authorisation of the spend from joint Ministers or Cabinet (depending on the value of the contribution).

Handling of GST:

Prior to April 2022, the value of contributions announced by the Government included GST. However, to bring the policy in line with standard GST practice and avoid misunderstandings, all future financial contributions will be stated as a GST exclusive amount. Local authorities will need to account for GST as usual.

What local authorities need to do after receiving Government financial contributions:

To enable the National Emergency Management Agency to understand local authorities' needs after an emergency and meet obligations regarding taxpayers' funds, local authorities who receive funding:

- are asked to report back on its expenditure within six months of receiving this fund. Any unspent monies must be returned to the Crown.
- will need to provide a high-level report outlining how funds were spent and the rationale.
- may create a committee which can overlook how the funds are being used. This encourages accountability and to ensure that the responsibility of allocating government contribution rests with more than one person.
- should engage with NEMA if there are any unspent monies after six months since receiving the fund.

ⁱ <https://www.civildefence.govt.nz/assets/Uploads/publications/Claims-factsheets/Factsheet-response-other-response-and-recovery.pdf>

ⁱⁱ <https://www.civildefence.govt.nz/cdem-sector/guidelines/claims-factsheets/>