



# **A GOVERNANCE AND STRUCTURAL REVIEW OF THE AMATEUR RADIO EMERGENCY COMMUNICATIONS (AREC) ENTITY**

**Prepared for the Secretariat, New Zealand Search and Rescue Council**

**By Caravel Group (NZ) Ltd, September 2017**

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This report has been prepared on the basis set out in the Contract for Services with the Ministry of Transport and should be read in conjunction with this document. This report is for the benefit of the Manager – SAR Secretariat for use at their discretion. We have not verified the reliability or accuracy of any information obtained in the course of our work. However, we can confirm that this report has been reviewed by the Manager – SAR Secretariat for factual accuracy.

# 1 Executive Summary

## 1.1 Introduction

### 1.1.1. Terms of Reference

The review is expected to:

- Explain the following aspects of AREC and NZART:
  - Organisational Structure and governance arrangements
  - Roles and functions
  - Membership and relationships
- Confirm the control and ownership status of radios, repeaters and associated licenses purchased with Crown funding
- Review the current arrangement for Crown funding of the AREC Trust and the associated accountabilities
- Make recommendations for the organisational structure to provide specialist radio communications services, and associated Crown funding
- Develop a pathway for any recommended changes to the organisational structure

### 1.1.2. Methodology

Caravel uses a process of structured interviews with key stakeholders to collect information and supporting evidence to determine the current situation. Information is also collected through document review.

Once a body of knowledge has been collected, Caravel begins an analysis process to establish facts about the problems and issues associated that need to be addressed. This in turn leads to the development and weighting of options that may resolve the problems, and a set of recommendations of changes necessary to achieved the desired outcomes.

#### *Review Initiation*

This project was initiated by discussion with the NZSAR Secretariat to understand their current areas of concern about the relationship between AREC and NZART, and how these impact on delivery of communications to support search and rescue activities within New Zealand's landmass.

#### *Review and Fieldwork*

Information to support the findings, analysis and recommendations presented in the review has been collected through a combination of document and interviews with key stakeholders including the NZART President, the AREC National Director and other members of both organisations.

### 1.1.3. Recommendations

1. That the existing structure and relationships between NZART, AREC and NZSAR are maintained.
2. That immediate steps are taken to re-register the NZART AREC Emergency Funds Trust as a charitable trust with Charities Services.
3. That AREC continues to function as a sub-section of NZART to preserve unity and purpose, and maintain national capability to consistently support search and rescue activities.
4. That AREC uses NZART's National Administrator to provide administration functions to maintain AREC's registration as a Charitable entity.
5. That the Administrator is recompensed from the grant funding provided by NZSAR to AREC.
6. A portion of grant funding is allocated to cover AREC's contribution towards NZART's fixed costs and overheads.
7. Review AREC roles, titles and functions to ensure consistency and clarity.
8. That a register of all equipment purchased using Crown funding continues to be maintained and made available on an annual basis or on request to key stakeholders.
9. That the NZART – AREC Trust deed be updated to provide guidance and direction in the operation of the Trust; improve transparency in the management and disbursement of funds; and reflect any changes in the purpose and objectives of the Trust.
10. Trustees should be knowledgeable and conversant with their responsibilities and obligations.

## 2 NZART and AREC Governance and Organisation

Members of the New Zealand Association of Radio Transmitters (NZART) and the Amateur Radio Emergency Communications (AREC) entities play an important role in the provision of radio communications capability to support land-based search and rescue operations within New Zealand.

This section explains the governance, structure and key roles of the NZART and AREC as they relate to the delivery of search and rescue radio services.

### 2.1 NZART Structure and Governance

The New Zealand Amateur Radio Transmitters (NZART) represents New Zealand's amateur radio community nationally and internationally. It was formed in 1926 and was a founding member of the International Amateur Radio Union in 1929. NZART membership is voluntary, with less than 50% of licenced amateur operators estimated as being members.

Members are represented by 12 Councillors elected to the NZART Council which comprises roles of President, Vice President and immediate Past President and nine regional Councillors representing different regional areas across New Zealand in proportion to each region's membership.

A part-time business manager is employed to manage NZART's administration functions. Other roles appointed by the Council include the National Director Amateur Radio Emergency Communications (AREC), The Engineering Licensing Group (ELG) and the Administration Liaison Officer (ALO), who is charged with liaison with the Radio Spectrum Management Group of the New Zealand Ministry of Business, Innovation and Employment (MBIE).

NZART local branches are generally incorporated in their own right and operate independently of the national body. Interaction between local and national bodies occurs at an annual National Conference.

### 2.2 Amateur Radio Emergency Communications (AREC)

The Amateur Radio Emergency Communications (AREC) was formed in 1932 following the Napier earthquake, with the objective of providing reliable radio communications throughout the country during times of emergency. AREC is an associate member of NZART and a member of the New Zealand Search and Rescue (NZSAR) Consultative Committee. Its mission statement is:

"To be the preferred provider for emergency communications to New Zealand emergency services."

AREC objectives include:

- Maintain a close liaison with the NZ Police and LandSAR for Search and Rescue.
- Maintain a close liaison with Civil Defence in New Zealand.
- Maintain liaison with other community organisations.
- Provide and maintain suitable equipment appropriate to the emergency situation.

AREC is involved in providing communications support to the New Zealand Police and the New Zealand Land Search and Rescue organisation. Typically, they provide communications equipment and operators at the search headquarters, and providing support for the setting up

of equipment and training for the search teams who communicate back to the search headquarters.

AREC members are all volunteers. As with the general trend in many such organisations, AREC is subject to a declining membership as the age of its constituents increases.

Because AREC members are expert in radio communications they are contracted via a Service Level Agreement (SLA) administered by NZSAR to provide a range of services to the search and rescue organisations.

The AREC Emergency Funds Trust was established as a charitable entity in 2009 as a vehicle through which funding could be directed to support AREC's role as the supplier of choice of radio communications services to support search and rescue operations. The Trust was de-registered in 2015 for not filing annual accounts over four consecutive years due to administrative oversight.

## 2.3 AREC Structure

AREC members from 80 Sections form a network of amateur radio operators throughout New Zealand who provide communication services to support SAR, Civil Defence and other emergency services response teams. AREC also provide radio services for local sporting and community events.

See Appendix One for an extract from the NZART Constitution establishing the AREC and its national Sections.

AREC is organised as a subset of the New Zealand Association of Radio Transmitters (NZART). Each of the 80 Sections is formed from a local NZART Branch which appoints an AREC Section Leader and Deputy.

## 2.4 AREC Governance and Management

The AREC National Director is appointed by the NZART National Committee on an annual basis. The National Director is responsible to the NZART Executive Council and is tasked with:

- The general conduct, organisation, and training of AREC on a national basis.
- Co-ordination of AREC with the Search and Rescue (SAR) Organisation.
- Liaison with the Director of Civil Defence.
- Obtaining approval from the Radio Spectrum Management Group within the Ministry for Business, Innovation and Employment (MBIE) for the use of additional frequencies and call signs when required for operational or practice purposes.
- The monitoring and clearance of AREC frequencies.
- The allocation of NZART equipment to AREC sections.
- The administration of the National AREC funds.

The National Director nominates four Area Managers (Northern, Central, Midland and Southern) for appointment by the NZART Council.

AREC sections are established from local NZART Branches with AREC membership contingent on being an NZART member. Each AREC section is led by a Section Leader, who reports to one

of the four Area Managers who are in turn appointed by and led by the AREC National Director.

Each Area Manager is responsible for:

- Liaison with the Search and Rescue Communications Co-Ordinator in the Search and Rescue Region corresponding to their Area.
- Represent the National Director AREC at Regional Search and Rescue meetings as requested by the Regional Search and Rescue committee.
- In class 3 searches under the control of the Regional Rescue Co-ordination Centre, the AREC Area Manager will act as a liaison between the Communications Co-ordinator and AREC Sections involved in the search to provide communications facilities as required.
- The Area Manager may assist Branches in their Civil Defence and Search and Rescue activities if requested by sections.
- The Area Manager is responsible to the National Director, and should report on meetings attended. Any matters to be raised at national level meetings should be brought to the attention of the National Director prior to such meetings.

It is noted that the above role description and other similar role descriptions contain misleading and out-of-date terms and designations. These should be updated and promulgated across the NZART and AREC membership.

## 2.5 NZART AREC Emergency Funds Trust Governance

A review of the current Trust governance arrangements indicates generally poor practice with regards to administration, and a limited understanding of the Trust's objectives and Trustee's responsibilities. Observations include:

- No regular Trust meetings, either face-to-face or via conference calls.
- Limited knowledge or understanding of the Trust deed.
- No training in running a Trust, although there is some experience as Trustees of other Trusts.
- While aware of reporting obligations, Trustees have assumed it was someone else's responsibility.
- Notification about disbursement of Trust funds is generally limited to an email approving transfer of funds from one account to another – without explanation of the purpose.
- No apparent mechanism for transparent recording of Trust assets.

It is stressed that the above situation has developed over a period of time, and does not reflect on the current Trustees' commitment or dedication to maintaining and delivering AREC's contracted services.

## 2.6 AREC Legal Status

NZART is an Incorporated Society under the Incorporated Societies Act 1908. Its constitution allows the creation of AREC as a sub-group under NZART's constitution, and subject to NZART's rules and regulations.

In order to receive funding from NZSAR in return for providing search and rescue support services, the NZART AREC Emergency Funds Trust was created as a charitable entity in 2009, registration number CC40559. Trustees included representatives from NZART, AREC and an appointee from NZSAR.

The purpose of the Trust was to benefit the community by fostering the provision of radiocommunications for emergency purposes and provide powers to receive funds for the provision of radiocommunications in times of emergency.

The NZART AREC Emergency Funds Trust was de-registered by Charities Services in 2015 and removed from the Charities Register because it failed to file Annual Returns as required by section 32(1)(b) of the Charities Act, namely “a significant or persistent failure by the entity to meet its obligations under this Act or any other enactment”. There is no suggestion of any other grounds for removal from the Charities Register.

Discussion with Charities Services confirm that the Trust may be re-registered on application and submission of annual returns for each year that the Trust was de-registered. This will require the consent and agreement of NZART and the three trustees – the current President of NZART (or nominee), AREC National Director (or nominee) and an NZSAR appointee.

It should be noted that the responsibility to maintain a Trust’s registered status rests with all trustees. The obligation to maintain and file accurate records of a Trust’s activities should be clearly explained and understood by all trustees.

There appears to be no apparent reason that the existing NZART AREC Emergency Funds Trust cannot be re-registered quickly. The NZART President has indicated that an application for re-registration has in fact been lodged, with the consent of the previous trustees and submission of annual returns for each year that the Trust was de-registered.

## 2.7 AREC Service Level Agreement

A joint Service Level Agreement (SLA) with the New Zealand Police, Maritime New Zealand and the Ministry of Transport acting through the New Zealand Search and Rescue Secretariat enables AREC to maintain and improve its position as the emergency communications provider of choice during SAR operations. SLA funding enables training and equipment purchases to provide or improve radio connectivity in areas where coverage is poor or non-existent. Funding may also be used to develop and implement new systems to support SAR team effectiveness and safety, and for administrative and governance functions.

The SLA is currently being updated to include reference to changed operating circumstances including adherence to the Health and Safety Act 2015.

The SLA is currently silent on the need to maintain and promulgate a register of equipment purchased using Crown funds and owned by the Trust, including its location and maintenance programme. This information should be made available at least annually to the NZSAR Secretariat, or on demand.

## 2.8 AREC Equipment and Frequency Registers

A considerable amount of equipment has been purchased, installed and maintained by AREC using grant funding provided by the NZSAR Council. Although there has been confirmation that equipment and frequency registers have been established and are being maintained, copies of the registers are awaited for inclusion in this report.

The work required to maintain records of maintenance and upkeep of equipment and frequency registers appears to be carried out on an informal basis. A more transparent system of maintaining equipment and frequency registers should be implemented that

captures core information including the date and cost of acquisition; location; maintenance place and expected life before replacement or renewal.

## 2.9 AREC – NZART Relationship

Discussion with key stakeholders indicates a level of distrust between elements of both organisations. This appears to be driven by concerns that overall NZART membership is declining, with a corresponding decline in revenue and influence. Meanwhile, AREC is receiving funding from NZSAR in accordance with the Service Level Agreement. AREC is also receiving funds supporting other outdoor events such as mountain running using equipment that is viewed by some in NZART as being “theirs”, without any recompense.

Misunderstanding about the specific details of how any Crown monies are to be spent may be a root cause of any move by NZART to insert itself directly into the relationship with NZSAR, or any desire for AREC to break away and form a separate entity.

A survey of AREC Section Leaders indicates strong opposition to any move by AREC to form itself into a separate entity – reinforced by the fact that AREC members are also NZART members. Any approach to disrupt the current arrangement can only drive a wedge between the two groups, and ultimately speed the decline of both.

Discussion with local groups also indicates a desire that differences at the national level between the two organisations be resolved without descending into a ‘them and us’ situation that may eventually force members to take sides.

A side issue arising from this review concerns insurance coverage for AREC members involved in SAROP exercises and operations. NZART members are covered by professional liability insurance that is paid from their subscriptions. This includes cover for example, damage to property while accessing an NZART repeater on private land, or from a fire inadvertently started while servicing equipment.

There are conflicting views regarding coverage for such incidents while engaged on a SAROP exercise or operation. One view holds that SAROP activities are covered by New Zealand Police; another that the NZART insurance provides coverage. This needs to be clarified and resolved for the benefit of both AREC and NZART.

From the NZSAR Council’s perspective, a splintered radio communications capability would be the worst possible outcome. It would significantly increase the administrative burden required to consistently deliver reliable emergency radio communications nationally; the possibility exists that two separate emergency radio networks could evolve with each organisation competing to support SAR operations at a district and local level; and the current level of national coverage could be reduced to a patchwork of local groups vying with each other to attract and retain members.

## 2.10 AREC Administration

A lack of administrative oversight and action by AREC has resulted in its failure to lodge annual records and consequent de-registration by Charities Services. The capability to ensure basic administrative functions are carried out should be embedded in ARECs future operating model and as a prerequisite for future funding allocation.

It is recognised that most AREC members are action rather than administration-oriented. This requires that an alternative means of providing administrative services be considered.

One suggestion is that the current NZART Administration Officer be paid to provide the necessary administrative functions required by AREC. The scope of activities could include:

- Prepare and submit annual records to Charities Services to retain NZART AREC Emergency Funds Trust's status as a charitable entity.
- Issue and manage AREC member identification cards.
- Ensure that AREC Health and Safety policies are written and maintained and distributed to all AREC Sections.
- Maintain AREC Section Leader /Deputy Leader and local team member records.
- Provide and maintain current details of the AREC organisation including contact lists, available equipment and call out procedures to SAR Coordinating Authorities through agreed channels including the NZSAR Online Resources Database.
- Register expenditure of annual NZSAR grant funding against agreed funding programmes
- Maintain an AREC equipment register with details of location, frequency allocation and maintenance schedule.
- Maintain a register of frequencies assigned to AREC for emergency communications.
- Respond to NZSAR Service Level Agreement reporting requirements
- Prepare and maintain a manual that identifies the processes and outcomes of each of the above tasks to enable future continuity of the role.

The current NZART Administration Officer has indicated her willingness to undertake the role of AREC Administrator subject to an employment agreement that specifies recompense and expected hours devoted to AREC administrative activities. A negotiated sum should also be paid to the NZART to cover a portion of the common costs associated with the administrator's activities, such as power, printing, communications and premises.

### 3 Recommendations

Recommendations regarding the future governance and structure of AREC and its relationships with NZART and NZSAR are made with the interests of NZSAR in mind:

**1. That the existing structure and relationships between NZART, AREC and NZSAR are maintained.**

Rationale

There is general agreement that current arrangements are appropriate and functional for a system that is reliant on volunteer participating at the local level. The current system encourages collaboration and fosters community engagement – AREC members in practice do not distinguish themselves from being NZART members, and generally utilise the same premises and equipment to carry out their roles. The current system that enables this process to function efficiently and effectively is regarded as simple and transparent, and fit for purpose.

**2. That immediate steps are taken to re-register the NZART AREC Emergency Funds Trust as a charitable trust with Charities Services.**

Rationale

The existing arrangement is generally viewed as being successful and sustainable, subject to restoration of AREC’s charitable entity status.

NZART’s decision to also form itself into a charitable entity should not be construed as an attempt to usurp the NZART AREC Emergency Funds Trust as the vehicle for funding from the NZSAR Council.

**3. That AREC continues to function as a sub-section of NZART to preserve unity and purpose, and maintain national capability to consistently support search and rescue activities.**

Rationale

Any attempt to fracture the current NZART – AREC relationship by forming AREC into a new entity should be resisted by all parties. Otherwise the decline in NZART member numbers will be exacerbated, and NZSAR will be faced with an unworkable situation when deploying emergency radio teams on SAR operations.

**4. That AREC uses NZART’s National Administrator to provide administration functions to maintain AREC’s registration as a Charitable entity.**

Rationale

There is general agreement that AREC does not have the capacity or inclination to provide adequate administrative functions to support its reporting and oversight obligations. The NZART’s National Administrator has access to the NZART member database and is knowledgeable in dealing with both NZART and AREC Council members and AREC National and Regional Managers.

An agreement should be negotiated between AREC and NZART regarding the allocation of funds received by AREC towards payment for hours worked by the NZART National Administrator on AREC administration, and a portion of NZART HQ office overheads.

**5. That the Administrator is recompensed from the grant funding provided by NZSAR to AREC.**

Rationale

The Service Level Agreement between NZSAR and AREC contains a provision to apply payments towards the governance and management of AREC (Section 12: Application of Payments). In light of the de-registration of its charitable entity and subsequent disruption to the relationship between NZSAR and AREC, it is appropriate to allocate funds toward ensuring a professional, structured approach to providing administration services. Funding of AREC's administrative requirements enables specific activities to be itemised and delivered while also ensuring that adequate steps are taken to document and maintain administrative processes to ensure service continuity and quality.

A fixed sum payment by AREC to NZART is recommended, for a number of hours of AREC administration per week. The hourly rate should be the same as the current NZART rate, and be adjusted to align with any change to the NZART rate in the future.

It may be expected that the number of hours per week during the first six months would peak at 10 and reduce back to six or seven once all information has been collected and systems established.

**6. A portion of grant funding is allocated to cover AREC's contribution towards NZART's fixed costs and overheads.**

Rationale

One source of friction between NZART and AREC is the view that AREC is getting a "free ride" at NZART's expense. Sharing some of the costs associated with running NZART should alleviate this source of antagonism.

Up to 20% of NZART HQ's annual operating costs once salaries are deducted is recommended as an annual payment. Based on available information, this equates to a \$4,000 per annum contribution towards NZART HQ's fixed costs.

**7. Review AREC roles, titles and functions to ensure consistency and clarity.**

Rationale

Descriptions and titles of key stakeholders, including the AREC National Director are outdated and do not reflect their current roles. This may result in confusion about roles and responsibilities for AREC office holders, particularly at the local level. Revised titles and roles should also be reflected in the Service Level Agreement and Trust Deed documents.

The case for a non-transmitting NZART membership category that would enable such members to participate as part of an AREC team supporting a SAROP incident was not unanimously supported, as this would require an amendment to NZART's constitution. As part of AREC's review of roles, titles and functions however, consideration could be given to providing non-NZART members working with AREC as part of a SAROP Management

Support Unit (MSU) with identification and insignia to formalise and acknowledge their official role and presence.

The issue of insurance identified in Section 2.9 should also be addressed as part of this recommendation.

**8. That a register of all equipment purchased using Crown funding continues to be maintained and made available on an annual basis or on request to key stakeholders.**

Rationale

Equipment already purchased by the Trust has been entered into a register, however this needs to be regularly updated and circulated to key stakeholders including the SAR Secretariat.

The AREC Service Level Agreement (SLA) should also be amended to include a requirement that a current copy of the equipment register be provided at least annually, or on demand.

**9. That the NZART – AREC Trust deed be updated to provide guidance and direction in the operation of the Trust; improve transparency in the management and disbursement of funds; and reflect any changes in the purpose and objectives of the Trust.**

Rationale

The current Trust deed is silent on a number of important aspects of its administration and function. The following list indicates some immediate areas where the deed should be amended:

- The Trust deed should be jointly reviewed by each Trustee of behalf of their organisation to ensure that the Trust’s Objectives and Powers remain fit for purpose in delivering the capability to provide emergency radio services.
- The Trust deed should be updated to include a description of the training and experience of each Trustee expected on assuming the Trustee role.
- The current Trust deed does not stipulate the frequency of Trust meetings and how such meetings should be conducted, i.e. remotely or in person. The Trust deed should be amended to mandate a minimum number of meetings per annum, including at least one meeting held in person.
- The Trust deed should stipulate that minutes from each Trust meeting are made available to each of the Trustee’s parent organisations and funding agencies.
- The Trust deed should be updated to reflect how funds are received and banked, how they are expended via cheque or electronic funds transfer
- The Trust deed should define how assets purchased by the Trust are registered and maintained, and this information is presented, for example in response to a requirement in a Service Level Agreement.
- The Trust deed should clearly state that the Trust maintains control and ownership of assets that it has purchased, and should contain a clause stipulating how these assets are to be disposed or re-allocated, if in the future the Trust is dissolved.

Any review of the Trust deed should be carried out in consultation with Charities Services to ensure that the Trust’s charitable objectives are maintained to their satisfaction.

**10. Trustees should be knowledgeable and conversant with their responsibilities and obligations.**

Rationale

Trustees need to understand their responsibilities and obligations as custodians of the NZART AREC Emergency Funds Trust. There is evidence that this is not the case.

Recommendations for immediate improvements to Trust governance include:

- Assurance that each Trustee is aware of their role and responsibilities associated with an appointment as Trustee.
- Provide funding to train and maintain each Trustee’s knowledge and expertise in their roles
- The current Trust deed does not stipulate the frequency of Trust meetings and how such meetings should be conducted, i.e. remotely or in person. Rewrite the Trust deed to mandate a minimum number of meetings per annum, including at least one in person.
- Minutes from each Trust meeting should be available to each of the Trustees and other stakeholders as detailed in the Service Level Agreement.
- The process whereby funds are received and banked, and how they are expended should also be examined and any recommendations to improve transparency and probity should be implemented.

## APPENDIX ONE – Extract from NZART constitution

### Part 9 – Amateur Radio Emergency Communications

#### 9.1 Amateur Radio Emergency Communications

- a. The Executive Council may establish by regulation a sub-group to be known as the "Amateur Radio Emergency Communications" group which, under the direction of the Executive Council, is entrusted with achieving paragraph 1.2 i. of the objects of the Association.
- b. Any group so established must be divided into sections under the control of a national director to be appointed by the Executive Council.
- c. Each section must be attached to a Branch and the regulations are to provide generally for the mode of attachment.
- d. The regulations may also provide for matters which are to be left to the constitution of an individual Branch, provided that nothing is to be included in the regulations or any Branch constitution which would impair the operational efficiency of the group.