

Annual Report Pūrongo ā-Tau

For the year ended 30 June 2020

Presented to the House of Representatives pursuant
to section 150[3] of the Crown Entities Act 2004





Year in review

He tirohanga ki ētahi hua i tauhouanga nei

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Foreword

Delivering safer communities

Kupu whakataki

Te hanga hapori haumaru



On behalf of the Board of Fire and Emergency New Zealand, I am pleased to present this annual report.

This report covers the third and final year of Fire and Emergency's integration phase. It shows the progress we've made towards bringing together rural and urban fire services and developing the structures, systems, tools and ways of working we need to operate as one unified organisation.

Fire and Emergency's purpose is to protect and preserve lives, property and the environment. Reducing the risk of incidents occurring in the first place remains our greatest lever to achieve this. During the year we have continued to deliver the public awareness and education programmes that worked well last year.

Many of these activities are delivered face to face. During the third and fourth quarters, the restrictions of COVID-19 Alert Levels 3 and 4 meant we had to adapt our approaches to continue delivering our important risk reduction and community education campaigns, which we did predominantly via mainstream and social media.

At the same time, we focused on making sure people across New Zealand were doing all they could to stay safe, to minimise the number of call-outs our people attended.

Our communities trust us and depend on us to be there when they need us, 365 days a year, but particularly during challenging times like New Zealand has experienced in 2020. In May, Fire and Emergency was named most trusted agency within the public sector in Colmar Brunton's annual Public Sector Reputation Index Survey for the fifth consecutive year.

We are continuing to strengthen our connections with communities to help them reduce risks, to be better prepared for emergencies, and better able to respond to them and recover well when they happen.

One way we're doing this is through Local Advisory Committees (LACs), which we established this year in the West Coast, Northland, Tairāwhiti, Hawke's Bay, Marlborough, Chatham Islands and Otago.

The LACs will ensure their communities' needs are included in our planning and decision making, help us get our emergency planning right and strengthen local relationships, and provide independent advice to the Board.

Having the right facilities, tools, technology and support are also essential parts of keeping communities safe. This year, we have started and completed nine new builds and 14 station upgrades. We have delivered 60 new firefighting vehicles, including nine trucks specifically designed for vegetation firefighting in rural areas. We have started rolling out technology systems to help our volunteers respond to call-outs and have more reliable access to key information on their way to incidents. And we have invested in a range of operational equipment and protective clothing.

During the year, we launched Our National Strategy 2019–2045 and a new Strategic framework. The Strategy outlines what we aim to achieve over the longer term, the five strategic priorities that will guide our direction, and our values, purpose, vision and outcomes. These documents will guide us and track the progress we're making as we continue to build our unified organisation.

We welcomed Gwen Tepania-Palmer to the Board in October 2019, and have benefitted from her wealth of experience, particularly in the health sector.

I want to acknowledge and thank the unions and associations and our sector partners. We are committed to developing these relationships for the benefit of all New Zealanders.

I also want to thank all Fire and Emergency people – our career and volunteer firefighters and all those who support them in many different roles – for their dedication and service to their communities this year, particularly given the challenges brought by COVID-19.

A handwritten signature in blue ink, appearing to read 'Paul Swain'.

Hon. Paul Swain
Board Chair

Foreword

Responding to a changing operating environment

Kupu whakataki

Ā mātou mahi i roto i tēnei ao hurihuri



Fire and Emergency New Zealand plays a critical role in protecting and preserving lives, property and the environment. This year we've attended more than 83,000 fires and other emergencies, including 13,728 medical emergencies, 9,036 motor vehicle accidents, 5,588 structure fires and 6,030 vegetation fires.

We have continued to make good progress in implementing the design of our unified organisation, which will put us in a stronger position to respond to changes in the world we operate in.

Our people are at the heart of Fire and Emergency, and we have continued to make our organisation a safe, respectful and inclusive place for all our people to work. We are working towards having the right processes in place to deal with bullying and harassment, and on developing a strong culture where this behaviour doesn't happen in the first place. We created a new Behaviour and Conduct Office following consultation with our people, and progressed a new Policy to address bullying, harassment and victimisation, and a Code of Behaviour.

During the year, leadership teams across all Fire and Emergency Branches were put in place, and we have consulted on proposed changes to our Service Delivery Branch.

We have continued to enhance our own cultural capability and to develop our relationships with Māori communities to help us meet our commitment to tangata whenua. Doing so creates a safer environment not only for Māori, but for all New Zealanders.

We have also strengthened relationships with our emergency service partners and other agencies, to make sure we can provide our communities with a coordinated and effective response in any emergency.

Significant events during the year, including the New Zealand International Convention Centre fire and the Whakaari/White Island eruption, have required us to take a coordinated response with multiple agencies and highlighted the benefit of nurturing these relationships. Fire and Emergency has also played an important role as part of New Zealand's All-of-Government response to COVID-19, including involvement in key sector groups across government.

Responding to the increasing impact of climate change was one of the reasons Fire and Emergency was formed. This year its impacts have been felt strongly on both sides of the Tasman.

The 2019/20 fire season saw many regions across New Zealand experience prolonged drought and increased fire danger, and wildfires well above the number and size of previous years' events. Our Australian colleagues also battled devastating wildfires over the summer. We deployed around 300 personnel to assist in Queensland, Victoria and New South Wales, alongside firefighters from New Zealand's forestry sector, Defence Force, and Department of Conservation, and from North America.

Our response to these events, and others throughout the year, show the immense benefits of being one unified organisation. Our communities, and what's important to them, are safer for it.

I am immensely proud of what Fire and Emergency people have done over this last year and I thank and praise all parts of the organisation for their skills and dedication: our career firefighters, our volunteer firefighters, both urban and rural, and our support staff. They have adapted well to the COVID-19 environment and maintained their ability to support their communities, no matter what the incident. Well done.

Rhys Jones
Chief Executive

Who we are and what we do

Ko wai mātou me ngā mahi ā tari

For more than 150 years, fire service organisations have been at the heart of New Zealand communities, protecting and preserving life and property.

In that time, our service has remained vital to our communities. However, our role and the types of emergencies we respond to have changed.

Climate change, new technology and a growing, aging and diversifying population, mean our communities face new challenges. Unplanned emergency events are also increasing in frequency and severity.

In 2017, the Government decided to unify New Zealand's urban and rural Fire Services into one integrated, modern fire and emergency services organisation to reflect the changing roles of firefighters and meet the changing needs of our communities. Fire and Emergency New Zealand was established to build on the strengths of the previous organisations while also acknowledging there were areas to improve.

Since 2017, we have focused on bringing together rural and urban fire services and developing the structures, systems, tools and ways of working that we need to operate as one unified organisation.

These days, our firefighters do so much more than just fight fires. It's also about working with communities to build their resilience by helping them prepare for, respond to and recover well from emergencies.

We respond to a wide variety of emergencies including motor vehicle accidents, medical emergencies, and dealing with hazardous substances, severe weather events and natural disasters. We work to reduce risk to make our communities safer through fire safety campaigns, research, and by providing advice on the Building Code.

Our statutory remit

The work we do is critically important. We are governed by the Fire and Emergency New Zealand Act 2017 (the Act), which sets out our statutory remit. The Act mandates our two main areas of responsibility:

- Our emergency management functions
- Our role as a regulator.

Our emergency management functions are separated into our main and additional or assisting functions as shown on the following page.

Our emergency management functions

Main functions



Promoting fire safety



Providing fire prevention, response and suppression services



Stabilising or rendering safe incidents that involve hazardous substances



Providing for the safety of persons and property endangered by incidents involving hazardous substances



Rescuing people trapped because of transport accidents or other incidents



Providing urban search and rescue services

Additional functions

Assist with:



- medical emergencies
- maritime incidents
- weather events



- natural hazard events and disasters incidents



- incidents in which a substance other than a hazardous substance presents a risk to people, property or the environment



- promoting safe handling, labelling, signage, storage and transportation of hazardous substances



- rescues including line rescues, animal rescues, rescues from collapsed buildings, confined spaces, unrespirable and explosive atmospheres and swift water



- providing assistance at transport accidents.

Our role as a regulator

We also have a role as a regulator, which is focused on fire safety and fire-related offences. This includes:

- a range of activities including setting fire seasons and issuing fire permits
- a compliance and enforcement function
- issuing infringement notices and prosecuting certain regulatory offences.

In addition to our two main areas of legislative responsibility under the Act, we carry out additional risk reduction activities under various legislative provisions and organisational practices. Our activities are also primarily focused on fire safety and include:

- being consulted on changes to relevant fire bylaws and certain matters of compliance with the Building Act 2004
- providing essential technical expertise on the firefighting capability required for outdoor pyrotechnic displays
- being consulted, as needed, by other authorities when they consider exemptions under their legislation
- being consulted, as needed, by local or regional authorities in the development of local district or regional council plans
- approving certain events or changes, such as the location of fire hydrants.

Our year at a glance

He karapatanga ki te tau kua pāhemo



Most trusted public sector organisation

(Colmar Brunton's Public Sector
Reputation Index 2020)

Our finances

\$599.5m

Operating expenditure

\$99.3m

Capital expenditure

\$626.0m

Revenue

\$1,345.7m

Asset base



83,359

Incidents attended

(an increase of 4% on 2018/19)



11,640

Other
fires



13,728

Medical
emergencies



5,588

Structure
fires



36,481

Other
incidents



9,036

Motor vehicle
accidents



6,030

Vegetation
fires



856

Hazardous
substances

14,890

Homes visited

5,423

Building evacuation
scheme
applications

1,548

Building consent
applications

Our people¹



11,847 Volunteers

- 8,559 Volunteer firefighters
- 2,020 Brigade support
- 1,268 Operational support

2,785 Career/Management and support

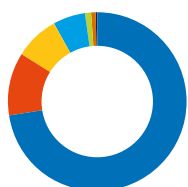
- 1,830 Career firefighters
- 955 Management and support

Gender²



- 19.5% Female
- 80.5% Male

Our ethnicity



- 72.7% European
- 11.3% Not declared
- 8.1% Māori
- 5.7% Other ethnicity
- 1.2% Pasific peoples
- 0.7% Asian
- 0.2% Middle Eastern/Latin American/African

Te Kei
104 stations

Te Ihu
170 stations

Te Hiku
117 stations

Ngā Tai ki te Puku
101 stations

Te Ūpoko
161 stations

653 fire stations and depots
by region and type



359

Volunteer



43

Career



215

Rural



36

Composite

¹ In line with Public Service Commission guidelines, our volunteer count is based on headcount, and our permanent and fixed-term workforce (management and support) count is based on full-time equivalents.

² We recognise that not all of our people may identify as male or female and are working to enable gender identity to be more accurately reported in the future.

Our commitment to Māori as tangata whenua

Tā mātou tauākī paiherenga ki te Māori hei tangata whenua

Our commitment statement is the Māhutonga (Southern Cross) to consistently guide us in the right direction as we build a unified organisation to meet the principles and intent of our commitment to Māori as tangata whenua.

*Ko te pae tawhiti, whāia kia tata.
Ko te pae tata, whakamaua kia tina.
Pursue distant goals until they are within your reach.
Once in reach, hold and treasure them.*

We recognise the status of Māori as tangata whenua and, as such, the importance of Māori communities as key stakeholders in everything we do.

We recognise:

- iwi and Māori as community leaders with an important role to play in preventing fires and other emergencies, building community resilience, and informing emergency response
- iwi as our partners in risk reduction as significant and growing land and forest owners
- Māori are disproportionately affected by unwanted fires, and that needs to change.

By committing to work with tangata whenua we contribute to a safer environment not only for Māori but for all New Zealand communities.

We will do this by building strong relationships that enable us to engage with iwi and Māori as we design and deliver services. This will require us to engage in culturally appropriate ways. We will strengthen our cultural capability, diversity and inclusion, so that we better reflect and engage with the communities we serve.

Through our work, Māori will experience improved fire safety, less harm from fire and emergencies, and are more resilient communities.

We will realise this through our Māori Outcomes Programme so that we, over time:

- have strong and productive relationships that recognise the vital role iwi play as our partners in risk reduction, and the importance of iwi being involved in managing the affairs of Māori and the broader communities they are part of
- ensure Māori views are included when communities identify their risks and needs
- encourage Māori to actively contribute to the design and implementation of Fire and Emergency initiatives, including by enabling opportunities for Māori participation
- coordinate across the emergency sector and other government agencies to deliver improved services for Māori
- have increased cultural capability across the organisation, reflected in our policy, emergency service delivery, and fire reduction and prevention programmes
- recognise and value skills, capability and networks in tikanga Māori through our recruitment, retention and promotion at all levels of the organisation.

Our Māori Outcomes Programme is driven from our organisational leaders, guided by iwi and Māori.

Strategic context

Te horopaki ā-rautaki

When Fire and Emergency was formed in 2017, we developed our 2017–2021 Statement of intent (SOI). This set out our strategic direction and priorities for the three years to 2020, and drove our work to transition our processes, systems and structures into one organisation.

This Annual Report sets out our performance during the last of those three years to become an integrated organisation. It reflects how we performed against the strategic priorities and outputs that we set out in our 2017–2021 SOI and our 2019/20 Statement of performance expectations (SPE). These are outlined below.

Our strategic priorities

(for the financial year 2019/20)



Risk reduction
and prevention



Stronger
engagement with
communities



Coordinated
services



Building and shaping
Fire and Emergency
New Zealand
Developing a
shared identity

Our outputs

(for the financial year 2019/20)



Reduced likelihood
of unwanted fires



Increased
community
resilience



Reduced
consequences
from emergencies



Organisational
health and
capability

The eight areas of change

Our people (employees, volunteers and contractors)

Strategy-led

We will set a clear direction for how we and our partners can make a difference for New Zealand communities now and in the future. Everyone will know their role in delivering our strategy, and we will measure how effective we have been.

Empowered decision-making

We will consistently make our decisions closer to the communities we serve. Everyone will know what decisions they own and are accountable for, and will be supported to make these decisions in line with the organisation's broader direction.

Community focus

We will be externally focused and recognise the community voice in the way that we work with them and the things that we prioritise. We will recognise that communities are not all the same, and work in partnership with them to build resilience.

Risk reduction

Formalising the way we proactively reduce risk will help prevent harm by targeting a wider range of risks within our statutory mandate, and through working more proactively with communities and partners to jointly manage and reduce risk. We will use evidence to influence government and partners, target the cause of risk, and measure the impact we are having.

Safety, health and wellbeing

Transparency of investment, cost, and value

We will be transparent about our investment, including what our services cost, and the value that we deliver to our communities. We will communicate this as part of levy-setting.



Our communities

Insight from intelligence

We will collect, analyse and share data, information and knowledge; generate insights; and make evidence-based decisions which lead to better outcomes.

Learning organisation

We will actively seek information about what we do and don't do well, look forward to what we could do better, and look outside to what others do better, ensuring we continuously embed improvements and changes.

Inclusive and dynamic people system

We will build a different organisation for our people (employees, volunteers and contractors). Building a shared identity, and a diverse and inclusive culture, will create an engaged organisation that values and recognises a broader set of people, skills and capabilities. We will recruit and support our people to develop the capabilities we need to best serve our communities.

Volunteerism

Our partners

Becoming a strategy-led organisation

Alongside our SOI, we developed eight key areas of change that we wanted to see in our new organisation and in our work with our communities. We built our operating model around these areas of change, and we have made significant progress.

We have showcased some of our most proud achievements in [Fire and Emergency – three years on](#), which is available on our website.

Our performance measurement framework

During 2019/20, we also developed a new performance measurement framework (PMF) which takes effect in the next 2020/21 financial year. It will help us track our progress towards the outcomes we seek to achieve for New Zealanders. Our [PMF](#) is available to view on our website.

Our National Strategy 2019–2045 and Strategic Framework

Over the last 12 months, we developed and delivered a National Strategy 2019–2045, launched in October 2019, and a new Strategic Framework.

Our National Strategy and Strategic Framework set our direction for the future and will guide us as we move into our next phase – building a unified organisation by 2030.

Our [National Strategy 2019–2045](#) is available to view on our website and the Strategic Framework is on page 10 of that document.

Our strategy

Tō mātou rautaki

Delivering to our strategic priorities

Ngā whakatutukitanga ki a mātou ahunga ā-rautaki

These are the strategic priorities set out in our 2017–2021 SOI and 2019/20 SPE. This Annual Report reflects, for the last time, how we performed against these strategic priorities and reportable outputs specified in our 2019/20 SPE.

- Risk reduction and prevention
- Stronger engagement with communities
- Coordinated services
- Building and shaping Fire and Emergency New Zealand
- Developing a shared identity.

Risk reduction and prevention

Te whakaiti me te ārai i ngā mōreareatanga

Reducing risk has the greatest impact on keeping people, property and the environment safe. As well as preventing incidents occurring in the first place, reducing the frequency of incidents, and mitigating the impacts of an emergency are also core to helping us keep New Zealanders safe and building more resilient communities.



This year, we focused on:

- continuing to build public awareness and education for home fire safety nationally
- working with local communities to reduce risk
- working with landowners and our rural sector
- adapting our approach for COVID-19
- managing the fire season.

Continuing to build public awareness and education for home fire safety nationally

Beginning in March 2020, we had to adapt some of our risk reduction activities and approaches to respond to the impacts of COVID-19 and the nationwide lockdown. The pandemic created a number of risks for our people and our communities. We had to respond quickly to address these challenges, and improve public awareness and education for home fire safety, as well as protecting the health and safety of our own people.

We ran a number of nationwide campaigns during the year to increase awareness of fire safety and change behaviours, particularly among our at-risk groups. To assess the effectiveness of our campaigns, we run a quarterly consumer survey which captures public understanding and perceptions around fire risks and what actions they have taken to prevent incidents occurring.

Summer wildfires prevention campaign awareness

We ran advertisements across a range of media including TV, radio, outdoor, digital and social media. A highlight was our partnership with TVNZ to feature fire danger forecast during weekend One Weather reports, which allowed us to reach more than 1,767,000 adults. We ran our advertising on the back of our fire trucks aimed at our rural audiences.

Tourists were targeted via signage at key hotspots, digital radio and Air New Zealand's in-flight entertainment, which reached 500,000 passengers in January 2020 alone.

Smoke alarm campaigns

This year, we again ran our successful biannual Daylight Savings campaign, which urged New Zealanders to check that their smoke alarms are working at the same time they change their clocks. The most recent campaign in April 2020 coincided with the COVID-19 lockdown, so we moved quickly to increase our advertising in TV, video-on-demand and digital channels to take advantage of the fact that New Zealand households would be consuming more media during this time. We also used the Māori Media network to extend our reach.

Our quarterly research showed that this one-week campaign led to a significant increase in people claiming to check their smoke alarms from 38 percent to 48 percent (results for June 2020 compared with March 2020).

This year, we also launched a Youth Smoke Alarms pilot campaign, designed to connect with a specific high-risk population – males aged between 18 and 30 years. This saw very strong engagement and we are incorporating the findings of this pilot into future work.

Unattended cooking campaign

Unattended cooking fires count for 24 percent of all structure fires we attended in the last five years. Over the COVID-19 lockdown, we proactively developed and launched a new TV advertising campaign, featuring a well-known celebrity chef, to draw attention to New Zealand's number one cause of house fires and ask the public to "switch off before you walk off".

This three-week campaign resulted in a significant drop in people who admit they have left frying food unattended from 33 percent to 25 percent among survey respondents (results for June 2020 compared with March 2020).

Escape planning

Along with having working smoke alarms, having an escape plan is one of the key things people can do to drastically increase their likelihood of surviving a house fire. This year, we successfully improved our online escape planning tool, making it easy and simple to create an escape plan. We launched this via a high-profile partnership with The Block TV Show from July to September 2019 together with TV and digital advertising to create a strong, integrated campaign.

In February 2020, we further intensified the campaign with a nationwide 'Escape Week' event to encourage families to take a few minutes to create an escape plan. To help the public understand that house fires can happen to them, we also used digital advertising to make people aware of the number of house fires in their area in the last month. The campaign, which ran until April 2020, resulted in a significant increase in people claiming to have an escape plan from 35 percent to 41 percent among survey respondents (results for June 2020 compared with March 2020).



Spreading the word to reduce wildfires

Wildfires present a growing threat to communities both here and overseas. Our summer wildfires prevention campaign was designed to help New Zealanders and tourists understand the risks from activities like controlled burns and campfires, and using outdoor machinery or equipment.

The stars of our campaign were three of our most loved native birds – the kiwi, the tūi and the pīwakawaka (fantail), chosen because they are part of our national identity and all threatened by the destruction of their habitat through fire.

Sally Chesterfield is our Region Community Education Advisor for Otago and Southland and in a particularly dry year, she said the campaign was vital.

“We had a total fire ban in Otago so these reminders to landowners and rural lifestylers especially were so important. People often think it won’t happen to them, so we like to share real stories about fire events that have happened through a lack of awareness. When we make the messaging relevant to our communities and the lives they lead, it’s more likely to make an impression,” Sally said.

This year’s summer wildfires prevention campaign helped to remind people that the wrong decision can not only endanger life and property, but also our environment and the creatures that live there.

“The key is to always give people clear, relevant information so they can be aware of the dangers and make safe decisions when they’re working or relaxing out on the land.

Mowing paddocks can cause a fire, disposing of embers when they’re not cold can have devastating impacts. Our campaign reminded people that we’ve all got to stay alert and take precautions, especially in summer months. People, our environment, our birds and animals all depend on that,” said Sally.

Working with local communities to reduce risk

Get Firewise programme

We continued to deliver our Get Firewise programme, which gives Year 1 and 2 children the knowledge, attitudes and behaviour they need to stay fire safe. As our operating environment changed in the last quarter of 2019/20, we used alternative methods of engagement with parents and teachers. We developed and published online material for them to be able to continue with this programme during school closures.

Fire Awareness Intervention Programme

Over 60 percent of all deliberately lit fires in New Zealand are started by young people under the age of 17. Many of these fires are started by children through experimentation and a lack of understanding about the speed and the consequences of fire.

Our Fire Awareness Intervention Programme (FAIP) is free and delivered by our firefighters to educate children about the risks of fire and discourage them from playing with fire.

During the year, 268 children across New Zealand completed our FAIP.

Avoidable residential fire fatalities

In 2019/20, there were 11 avoidable residential fire fatalities, of which two were in homes where there was no working smoke alarm. In the previous year, there were nine avoidable residential fire fatalities, of which four were in homes where there was no working smoke alarm.

Of the 11 avoidable fire fatalities, nine involved people over the age of 50 and of those, seven were over 65. This is a consistent trend compared with previous years, indicating that people over 50 are disproportionately represented in fire fatality statistics.

Recognising this trend, and in addition to our existing smoke alarm and escape planning campaigns, we launched a campaign promoting our general winter fire safety messaging targeted at the elderly. This included fire safety messaging using a range of media channels: provincial newspaper advertisements, social media, website content and circulation to several organisations focused on supporting the elderly, including Meals on Wheels, Age Concern, Grey Power and the RSA.



Adapting our approach for COVID-19

Lighting fires in the open air

The health risks arising from COVID-19 coincided with other factors that created challenges around the risks of fires in the open air. At the time of easing seasonal fire risk conditions, the following two situations combined to increase fire risk:

- The increase in domestic permit requests due to a lack of rubbish collection in some areas
- Commercial land managers, such as farmers, needing to undertake critical productive land-clearing activities.

Fire and Emergency can usually only prohibit or restrict fires based on fire risk conditions. However, during Alert Levels 2, 3 and 4, our priority was to keep our crews within the limits of social distancing rules and to limit the need for them to come together to attend avoidable emergency incidents. We also aimed to minimise the risk posed to our stakeholders, such as foresters and farmers, from reduced security and land observation (due to worker lockdown).

The amendments that we helped to develop adjusted our statutory ability to restrict or prohibit fire in the open air by broadening the circumstances in which our statutory power can be used. These amendments came into effect on 22 May 2020.

Building evacuation scheme

We administer the Fire and Emergency New Zealand (Fire Safety, Evacuation Procedures, and Evacuation Schemes) Regulations 2018 section 19, which ensures that building owners provide for the safe evacuation of people during a fire.

The regulations require building owners to conduct trial evacuations or evacuation training programmes for permanent building occupants at least every six months. Trial evacuations would have resulted in close contact amongst large groups of people, which was restricted under some alert levels.

To reduce this risk, we worked with DIA to temporarily modify the regulations so building owners would not have to conduct trial evacuations during the pandemic. The modified regulation, Fire and Emergency New Zealand (COVID-19—Fire Safety, Evacuation Procedures, and Evacuation Schemes) Amendment Regulations 2020, came into effect on 22 May 2020 and is in place until the Epidemic Preparedness (COVID-19) Notice 2020 expires, is revoked or reviewed.



Managing the fire season

The 2019/20 fire season was significant, with many of our communities experiencing prolonged drought as the season extended into late autumn. These conditions resulted in increased fire dangers over many regions including Northland, Auckland, Waikato, Bay of Plenty, Hawke's Bay, Wairarapa, and parts of Whanganui, Canterbury and Southland.

Across the country there were 5,735 wildfires and 10,415 hectares burnt between 1 October 2019 and 31 April 2020. This is well above the 2018/19 season and well above the five-year (4,337 fires and 5,685 ha) and 10-year (4,100 fires and 4,500 ha) averages.

One significant wildfire occurred early in the season: the Old Dunstand Road fire (Otago) on 9 November 2019, burning 5,000 hectares and affecting conservation land and the Dunedin water supply.

This year, our people put arrangements in place to allow us to be ready to respond quickly to a wildfire to reduce the impact as much as possible. Fortunate weather conditions at times also helped to reduce the impact of significant events.

An increased effort in public messaging and joint messaging with other agencies helped to raise awareness throughout the season.

Northland drought preparedness

Northland suffered severe drought conditions over the 2019/20 fire season, causing an extremely high risk of vegetation fires. We acted early to increase our readiness and response capability, ensuring we would be able to respond to fires quickly, minimising the potential impact of significant fires. This included setting up portable dams in Kaikohe, Rawene and Kaitaia to support firefighting water supplies, having our people on call, and helicopters on standby to respond if needed to any vegetation fires. We also ensured we were in a position to quickly draw resources from around the country if needed.

We were proactive with awareness campaigns to keep our partners, stakeholders and the community informed of the fire risk across the region and strongly encouraged voluntary compliance with the total fire ban.



Stronger engagement with communities

Te whakakikī ake i ngā herenga ki ngā hapori

Our ability to build resilience and reduce consequences from emergencies lies in the strength of our connection to our communities. At every level we are committed to helping build safer communities.

We recognise the importance of having strong relationships with local groups to ensure we can respond to the diverse needs of our communities.

To do this, our regional teams work closely with a range of agencies and groups such as local councils, Police, the National Emergency Management Agency (NEMA), Department of Conservation (DOC), St John, Red Cross, New Zealand Defence, Kāinga Ora, Oranga Tamariki, Plunket, Te Puni Kōkiri and Safer Communities.

This year, we focused on:

- engaging with our diverse communities
- establishing our LACs.

Engaging with our diverse communities

Delivering on our commitment to tangata whenua

Whanaungatanga – we are better together

Our work to build strong relationships with different parts of Māori communities includes whānau, iwi, business owners and representatives because we recognise the importance of these connections in enabling safer communities. During the year we:

- worked closely alongside iwi during the Tasman wildfires to ensure that they were part of our decision-making, in light of their role of kaitiaki for the environment and their communities' needs. This approach worked well and iwi were fundamental to this success. In recognition of our collaboration with iwi, we and our other emergency partners were jointly awarded the *Service Excellence Award* in the annual Spirit of Service Awards run by the State Services Commission (now the Public Services Commission)

- partnered with Te Tau Ihu iwi collective, comprising nine iwi at the top of the South Island, to determine the best approach around lighting fires on beaches
- shared fire safety messages with thousands of visitors at the Treaty Grounds in Waitangi. It was an honour and a humbling experience to be invited and take part to commemorate Te Tiriti o Waitangi
- as part of Home Fire Safety Visits (HFSVs) in Minginui and Te Whaiti (Bay of Plenty), every home and marae involved received a smoke alarm. Our brigades now use a new Marae Fire Safety Tool for easier reporting and completion of HFSVs
- launched a te reo Māori version of 'Escape my house' to help people escape their homes in a fire – an initiative in line with designing and promoting fire safety promotional material in te reo Māori
- provided support and helped deliver hygiene packs to communities with the Civil Defence Emergency Management Iwi Liaison Forum during COVID-19.

Kaupapa Māori – engaging with Māori communities

We are committed to working side by side with tangata whenua to create a safer environment not only for Māori but for all New Zealand communities. We do this through our 10-year Māori Outcomes Programme, and in close conjunction with Poutakaweanga, our Māori Liaison Team, at all levels of our organisation and across all regions.

Delivering our Māori Outcomes Programme

This year, we continue to work on improving resources to enhance our cultural capability with Ngā Kete Mātauranga (Baskets of Knowledge) as well as te reo Māori classes and marae-based tikanga Māori.

As a learning organisation, we recognise and value the importance of a strong understanding of tikanga and te ao Māori within our organisation. We are committed to increasing our cultural capability, so we can engage appropriately and often with Māori on relevant issues.

This year, we have introduced two 16-week courses to develop staff skills and confidence in using te reo in their day-to-day work. We have also included a session on tikanga Māori and its importance in our induction and orientation days.

Afi Pasefika

The Afi Pasefika network was set up in 2003 to recognise the importance of reaching our Pasefika community. The network now has over 80 members who provide advice and support to Pacific communities and promote Fire and Emergency firefighting roles as career options for Pacific people. Afi Pasefika has a programme of work which enables strong community engagement through:

- a grant so our firefighters can learn a Pacific language
- using effective ways to communicate with Pacific communities
- modelling behaviours which fit with Pacific values and customs
- recognising and celebrating Pacific customs and cultures.

We recognise the need to ensure our organisation is more reflective of New Zealand communities, where Pacific peoples make up around eight per cent of the population³. Of our people, 1.2 percent identify as being from the Pacific.

Connecting with Kāinga Ora

We work closely with Kāinga Ora to help keep their tenants safe, as our statistics show that tenants of Kāinga Ora are over-represented in fire statistics. As a part of this work, we advised on the installation of sprinklers in some of their new homes.

We have made a commitment to partner with Kāinga Ora to advise on home fire safety while houses are being designed and built, as well as increasing awareness of fire safety through education and home safety visits.

Local Advisory Committees

The Act requires us to establish LACs in every local area, to ensure communities' voices are reflected in our local planning processes.

This year, we established the first seven of our LACs in the West Coast, Northland, Tairāwhiti, Hawke's Bay, Marlborough, Chatham Islands and Otago, and we are now focusing on supporting these LACs to operate well.

LACs will help shape Fire and Emergency's support for communities by providing a strong local perspective on what matters. They will help us achieve our vision of "Stronger communities protecting what matters" through their close engagement and links with their communities.

All communities are different, and our LACs will work closely with their local Fire and Emergency teams and stakeholders to provide strategic advice to the Fire and Emergency Board on their specific community needs, issues and risks.

Their role is an advisory role only and it includes:

- gathering feedback from a wide range of networks and interests within their communities and using that feedback to provide a strong local perspective on what matters
- representing the community's interests, including those of volunteers and industry brigades, when providing advice on Fire and Emergency's national strategy and local planning
- helping to build a common understanding of local needs and how Fire and Emergency can address these at a local level
- helping Fire and Emergency plan for future service delivery
- strengthening connections between Fire and Emergency and local communities
- providing local perspectives on risk reduction and enhanced community resilience.

Each LAC has been initially appointed for a three-year term with the option to review.

³ 2018 Census, Stats NZ.



Coordinated services

Te tapatahi o ngā ratonga

The strength of our combined emergency services in New Zealand relies on close and effective coordination across our sector.

We continue to build and develop strong partnerships with our emergency service partners to ensure that we provide our communities with an effective and seamless response. We also work with our sector partners to help communities recover faster from emergencies when they occur and to be better prepared.

As a sector, we plan, practise, respond and review our response activities together to ensure greater safety for our communities.

This year, we focused on:

- strengthening our coordination and response capability across the sector
- continued incident management training with our emergency service partners
- working alongside our emergency service partners to provide coordinated responses to large-scale incidents.



Strengthening our coordination and response capability across the sector

National Emergency Management Assistance Team

Fire and Emergency is one of the agencies called on to be a part of the New Zealand Emergency Management Assistance Team (EMAT) for large-scale incidents. EMAT was established in 2017 by the Ministry of Civil Defence and Emergency Management (MCDEM), now known as the National Emergency Management Agency (NEMA), to provide better responses to natural disasters and other emergencies. EMAT provides national 'fly-in' teams that are made up of professionals from a range of agencies, who can be activated quickly to provide on-the-ground incident management expertise.

As part of our agreement with NEMA, we ensure we have people who are trained and qualified in Coordinated Incident Management System (CIMS) that can be nominated to be part of EMAT. We also take part in EMAT reference and training groups and provide on-the-ground logistics support.

Australasian Fire and Emergency Service Authorities Council Research Group

To support research and evidence about improving firefighting practice and delivering better outcomes for communities, we play a lead role in the Australasian Fire and Emergency Service Authorities Council (AFAC) with our Chief Executive being the Chair for the Council's Research Committee.

AFAC is a collaborative organisation for public services, land management and emergency service organisations in Australia and New Zealand.

The AFAC Research Committee was established in 2019 and supports the development of research capability amongst the agency members of the Council. It oversees the success and use of research projects undertaken to support AFAC and its agencies as well as recommending new initiatives and opportunities for research.



New Zealand International Convention Centre fire

As smoke billowed over Auckland from the New Zealand International Convention Centre fire on 22 October 2019, it seemed like the whole country was watching.

The fire was particularly complex and dangerous, at a scale we've rarely seen in New Zealand. At its peak, around 130 firefighters, 30 appliances and 16 support vehicles attended the fire.

Our firefighters on the front line used their expertise and knowledge of firefighting in an urban environment to effectively and safely manage the incident. While they focused on bringing the fire under control, other units were also involved in specialist support and coordination roles.

The Central and Southern ComCens also stepped up to help, as the sixty-five 111 calls received for the fire were answered by teams across the three centres.

Auckland's Operational Support Unit (OSU) was also engaged straight away. On arrival the brigade helped run feeder hoses, establishing water supplies. Focus then moved to traffic and pedestrian management as the evacuation area expanded throughout the afternoon. Glenn Teal, OSU Chief Fire Officer, was on the ground managing his brigade.

"It was a fluid situation and we had to constantly shift resources to wherever the greatest need was. Members of the public were on edge as smoke swirled around the area and streets were cordoned off. They looked to us and our partner agencies for confident, calm direction," he said.

Over the next three days the OSU also served round the clock meals from the mobile canteen appliance, set up mobile drinks' stations, evacuated premises, maintained security cordons and collected and delivered fire crews for every change of shift.

"In the end we had 50 volunteer members working on the scene, doing multiple shifts juggling work, study, sleep and home commitments. They did a great job. This event was a reminder that it always takes multiple parts of our organisation working together, to make the whole thing work."



Continued incident management training with our emergency service partners

Every year we run and take part in a number of incident management training exercises with various emergency service partners.

This year, due to COVID-19, we were unable to hold most of our planned training exercises.

We did, however, take part in a series of National Incident Management Team exercises, along with other emergency service agencies and organisations, including: DOC, Civil Defence, NZ Defence Force, local councils, iwi, Te Uru Rakau, and various forest companies.

We were also able to run the annual Urban Search and Rescue (USAR) exercise in October 2019 with 15 representatives from six different countries observing. This exercise simulates an international deployment to a country hit by a large earthquake and was a precursor to the International Search and Rescue Advisory Group (INSARAG) External Reclassification that was planned for May 2020 but was postponed due to COVID-19. The external observers, who included INSARAG Classifiers, gave us a critical appraisal of our performance, to better prepare us for the INSARAG External Reclassification.

The 15 international representatives also took part in a tabletop exercise run in conjunction with NEMA. The exercise allowed us to run through NEMA's Wellington Earthquake National Initial Response Plan and allowed the international participants to see what would be required of them entering New Zealand. Insights and lessons have been shared between the teams and are being incorporated into deployment, reception and departure planning.

USAR First Responder Programme

Throughout the year we also piloted USAR's First Responder Programme. The programme aims to train up our people in remote communities in New Zealand to provide them with the skills to conduct straightforward search and rescues on their own. So far, we have helped deliver this programme to communities in Queenstown, Greymouth and Blenheim. In some communities we have also provided this training to local authorities and St John.

Working alongside our emergency service partners to provide a coordinated response to large-scale incidents

This year, alongside our emergency services partners, we responded to a number of major emergencies both in New Zealand, and overseas. We provided response services, capacity and capability for several significant events.

Major responses in New Zealand

New Zealand International Convention Centre

In October 2019, there was a significant fire at Auckland's International Convention Centre. We deployed 130 personnel, 30 appliances and 16 specialist and support vehicles over the 10-day period of our response. To help community recovery, we engaged with a wide cross section of the community during our operations. We assisted the business community, commuters, residents, local authorities and building owners or their representatives.

Whakaari/White Island eruption

Our teams were part of the initial emergency response, and the longer-term search and rescue/recovery efforts after Whakaari/White Island erupted in December 2019.

When the eruption occurred, we responded immediately, supporting the Police, St John, NEMA, the Local Civil Defence and other partner agencies. Our people, in National Headquarters (NHQ) and locally in the regions, provided crucial liaison between the various response agencies to assist the response and recovery operations.

We provided personal protective equipment (PPE) with advice and training on safe use, as well as decontamination support for the Disaster Victim Identification team. We also provided situational risk assessment and recovery expertise. Our USAR drones played a key role in mapping the island and locating victims, giving rescue teams precise global positioning system (GPS) coordinates so they knew exactly where to go.

Our response teams and support personnel provided a range of functions and services to recover the victims from Whakaari, while ensuring the health and safety of our joint service response partners during the recovery mission.

Supporting All-of-Government COVID-19 response

Since the national state of emergency was declared on 25 March 2020, our people have been involved in the All-of-Government (AoG) response. Our incident management skills were also put to good use supporting local government planning teams to develop of response plans, to ensure communities could function as closely to normal as possible.

USAR assisted when New Zealand's hospitals were preparing for the worst-case scenario. USAR also assisted Auckland District Health Board to set up temporary triage facilities at Auckland, Waitakere and North Shore Hospitals.

Tasman wildfires independent review

On 30 October 2019, we publicly released the Australasian Fire Authorities Council (AFAC) Independent Operational Review of our management of the Tasman wildfires during February–March 2019.

The reviewers found we managed the Tasman wildfires in a way that was "positive and successful... with ample evidence of lessons having been taken from the Port Hills review and incidents in Australia".

The reviewers further said "The outcomes of this ...should give the community in New Zealand a level of confidence that Fire and Emergency is able to manage these significant incidents and take appropriate actions aimed at keeping the community safe".

We have accepted all recommendations from the review and released an action plan to determine how we will implement these in the 2020/21 financial year.

International deployments

Samoan measles outbreak

The measles outbreak was a tragic health crisis for our Pacific neighbour. In November and December 2019, we deployed nine USAR personnel to Samoa as part of the NZ Medical Assistance team to provide logistics support.



Australian wildfires

The 2019/20 Australian bushfire season was the most devastating in Australia's recorded history with 33 fatalities, over 3,000 homes lost, over 17 million hectares of land burned and over one billion animals killed.

Through AFAC, New Zealand sent 302 personnel (between 13 September 2019 and 5 March 2020) to Australia to assist in their national efforts to contain, control, and extinguish the bushfires they experienced.

Our teams, which were made up of personnel from Fire and Emergency, DOC, the New Zealand Defence Force, and our forestry partners, received heartfelt feedback from the public and councils/shires on the contribution they made in both fire suppression and community reassurance.

33
fatalities

over
3,000
homes lost

17 million
hectares of land affected

over
1 billion
animals killed

302 personnel
sent from New Zealand

Building and shaping Fire and Emergency New Zealand

Te whakatū i te Ratonga Ahi me ngā Ohotata i Aotearoa

In the third (and final) year of our Integration Programme, we are proud of the successes we have achieved in continuing to build a strong, united organisation that values and develops our people and keeps New Zealand safe.

We have made a lot of progress to implement and embed the design of our organisation, invest in our people to build a positive, respectful and inclusive culture, and improve the support we provide to our volunteers.

This year, we focused on:

- building a unified Fire and Emergency
- building a positive workplace culture
- the safety, health and wellbeing of our people
- valuing volunteers.

Building a unified Fire and Emergency

Organisational design

This year, we made significant progress in building our new, unified organisation. Our Service Delivery Leadership Team (SDLT) was established on 1 July 2019, delivering, for the first time, a single leadership team across our front-line operational staff, formerly the separate urban and rural fire services. The SDLT has helped to embed new ways of working within Service Delivery and across the organisation.

In September and October 2019, we consulted our people on a range of proposed changes including Tier 4 and 5 leadership positions in Service Delivery, risk reduction and community resilience functions, and Tier 3 NHQ positions.

We released decisions relating to the Tier 3 NHQ positions in early 2020, with reorganisation and recruitment taking place during the rest of the reporting year. These positions are now in place, and establishing and reviewing aspects of their directorates where required.

There were a large number of submissions on the proposed changes to Service Delivery structures and positions, so we took considerable time to review and respond to these. We announced decisions on most of the proposed changes to Service Delivery, and reconsultation on these matters in early June 2020. Recruitment and appointment processes began and will be completed in the new financial year.

Final year of our Integration Programme

Our Integration Programme was a major programme of work to integrate our organisation into one. On 30 June 2020, the Integration Programme finished, after three years that focused on initiating and completing foundational pieces of work that helped bring our organisation together.

Dispute Resolution Scheme

The Act requires us to establish an independent dispute resolution scheme. The Scheme provides our volunteers or the public with an independent, fair and transparent process they can use if they disagree with something we have done, or dispute a decision we have made.

From December 2019 to February 2020, we consulted on the proposed set of Rules for the Scheme, which outline in detail how the Scheme will operate, who can use it and why, how to make an application, and how the Scheme will be administered.

Since the writing of this report, we have finalised the Rules for the Dispute Resolution Scheme and these are now published on our website – Dispute Resolution Scheme Rules 2020. We are currently in the process of seeking an independent supplier or suppliers to provide administration and disputes resolution practitioner services, with the intent of having the new rules in place by the end of 2020.



Building a positive workplace culture

Positive workplace culture

This year, we continued to implement our Positive Workplace Culture Action plan, which we initiated to address the 33 recommendations from the Positive Workplace Culture Report, an independent review into our workplace policies, practices and procedures to address bullying and harassment.

We have made progress towards ensuring all our people are safe, welcomed and included. Our focus has been on establishing a new Behaviour and Conduct Office (BCO), developing our national Policy to address bullying, harassment and victimisation, and our Code of behaviour.

Throughout the year we have continued to keep our people and the public informed of the progress we have made via two progress reports. These can be viewed on our [positive workplace culture](#) website.

Policy to address bullying, harassment and victimisation and Code of behaviour

A focus for this year was the development of our new Policy to address bullying, harassment and victimisation and our new Code of behaviour (the Code). These documents will clearly outline to our people how we expect them to behave and what's acceptable and what's not acceptable behaviour. Used together, the Policy and Code will help us to stop unwanted behaviour in our organisation and help us build a Fire and Emergency where everyone feels safe and welcomed.

We worked extensively with our people and unions and associations to develop the Policy and Code and since the writing of this report, we have launched both documents internally.

Behaviour and Conduct Office

We established a new BCO and appointed an interim director. When fully operational, the BCO will be the central point for education, training and guidance relating to values-based behaviour. Its full functions are being scoped and consulted on in late 2020.

The BCO manages our current bullying and harassment complaints process for people to raise a complaint or seek information or advice about their options. This process is completely confidential and allows the BCO to determine next steps for resolving complaints in a fair and transparent way.

The BCO is completely separate from the issue and those that are involved in the complaint.

Women's development

Women in Fire and Emergency (WFENZ) is a network that provides advocacy, development and networking opportunities by bringing women together to share ideas and experiences. The Women's Development team sits within WFENZ and is responsible for coordinating the National Women's Advisory Committees (NWAC) and the five Regional Women's Advisory Networks (RWAN).

There were several key achievements in women's development this year:

- We established our NWAC and RWAN in each of our five regions.
- We delivered Respect and Inclusion workshops at our NWAC meetings.
- We delivered bullying and harassment workshops at NWAC and regional forums.
- We collaborated with other internal networks such as Te Hiku Afo Pasefika, the Pou Takawaenga Māori team and the newly established Rainbow Network. External collaborations included connections with Queensland Fire and Emergency and the New Zealand Defence Force.

OUR PURPOSE | KAUPAPA

Protecting and preserving lives, property and the environment.

Te whakamaru me te tiaki i ngā tāngata, rawa me te taiao.

OUR VISION | MATAKITENGA

Stronger communities protecting what matters.

Ngā hāpori kaha ake e whakamaru ana i ngā mea hira.

WE DO THE RIGHT THING KIA TIKA



ABOVE THE LINE

- **LEAD** by example.
- **ENCOURAGE** and **SUPPORT** role model behaviours.
- Act and speak with **INTEGRITY**.
- Be **TRUSTWORTHY**.
- Take **RESPONSIBILITY** for your words and actions.



BELOW THE LINE

- **BREACHING** confidentiality or privacy.
- **UNLAWFUL** or **UNSAFE** behaviour.
- **ABUSE** of power or position.
- **UNDERMINING** others.



WHERE DOES MY BEHAVIOUR FIT?

- Do I speak up when I see harm?
- Do my actions match my words?
- Does my behaviour help build trust?
- Do I own my mistakes?

WE ARE BETTER TOGETHER WHANAUNGATANGA



ABOVE THE LINE

- **ACKNOWLEDGE** our history.
- **CHAMPION** and **CELEBRATE** inclusion and diversity.
- **CONTRIBUTE** to a safe workplace.
- Treat everyone with **RESPECT, FAIRNESS** and **CARE** for the mana of all people.
- **EMPOWER** everyone to speak up when they see unacceptable behaviour.



BELOW THE LINE

- Behaviour which causes or has the potential to cause **HARM** – including bullying, harassment, victimisation or **UNWANTED** behaviour.



WHERE DOES MY BEHAVIOUR FIT?

- Am I demonstrating inclusive language/behaviour?
- Do I make the people around me feel valued for what they bring to the table?
- Do I appreciate and celebrate difference?
- Does everyone feel safe to be themselves around me?

WE SERVE AND SUPPORT MANAAKITANGA



ABOVE THE LINE

- Our decisions and actions **STRENGTHEN** our organisation and our communities.
- Undertake our duties with **PROFESSIONALISM** and to the **BEST** of our abilities.
- **FOCUS** on the needs of our teams and communities.



BELOW THE LINE

- Behaviour or actions which **DAMAGE** the community's trust and confidence in Fire and Emergency.
- Behaviour or actions which **ERODE** trust and confidence we have in each other.



WHERE DOES MY BEHAVIOUR FIT?

- Am I representing myself, my team and the organisation well?
- Does this decision serve my team and community well?
- Do I work collaboratively with others to achieve positive outcomes?
- If I see team members performing well, do I recognise and celebrate this?

WE STRIVE TO IMPROVE AUAHATANGA



ABOVE THE LINE

- **DRIVE** positive change.
- **ENCOURAGE** different ideas and viewpoints.
- **THINK** about the future and how my actions can positively influence it.
- **LISTEN** to others, **ASK** questions and **CONSIDER** different perspectives **IMPARTIALLY**.



BELOW THE LINE

- Behaviour which **SHUTS DOWN** or **DISCOURAGES** new ideas and differing viewpoints.



WHERE DOES MY BEHAVIOUR FIT?

- Am I open to new ideas?
- What can I learn from this?
- Do I understand the pros and cons?
- Have I considered alternatives?

BEFORE YOU ACT, ASK YOURSELF IS WHAT I AM ABOUT TO SAY OR DO:

TRUE

- Based on facts or direct observation?
- Is it opinion/rumour/gossip?
- Am I prepared to put my name behind this?

GOOD

- Fair and reasonable?
- Is it lawful?
- Could this impact on Fire and Emergency's reputation?
- How would my behaviour align to our values?

USEFUL

- Constructive and will it help?
- Is it necessary?
- How would the media respond?

The TGU (True, Good, Useful) Test is a great way to test our actions and decisions to see if they are above or below the line.

THIS CODE IS SUPPORTED BY OUR POLICY TO ADDRESS BULLYING, HARASSMENT AND VICTIMISATION AND OTHER TOOLS AND RESOURCES.
HEAD TO [HTTPS://PORTAL.FIREANDEMERGENCY.NZ/PROJECTS-AND-PROGRAMMES/POSITIVE-WORKPLACE-CULTURE-PROGRAMME/](https://portal.fireandemergency.nz/projects-and-programmes/positive-workplace-culture-programme/)

Leadership Development Framework

We define leadership as influencing, motivating and empowering people to achieve the organisation's purpose and outcomes. The quality and strength of our leadership capability is a significant lever to growing our people as we build a workplace that is safe, welcoming and respectful.

During 2019/20, we completed the first draft of the Leadership Development Framework (LDF) to help our people understand the leadership behaviours we need. Personal leadership and living our values are at the heart of everyone's role at Fire and Emergency.

The LDF will create a common leadership culture by providing a common leadership language and leadership concepts for everyone in the organisation.

Regardless of title, rank or role, our leaders have a responsibility to be role models. This means modelling our values and positive workplace culture 24/7 – on and off the job. Development of our leaders is an ongoing process. This includes the development of our leaders being central to effective teamwork and meeting the needs of our communities.

Our next steps will be to finalise the LDF and focus on embedding and implementing it.

Safety, health and wellbeing of our people

We are committed to making sure that everyone goes home safe and well every time. Our people, particularly our front-line people, often face physical and psychological challenges in their day-to-day work.

In 2017, we developed Fire and Emergency's first Safety, Health and Wellbeing Strategy and have made good progress since then in delivering on this strategy. This year, our focus has been on:

- reducing the impact of stress on our people's psychological wellbeing by better equipping them to deal with and recover from stress
- reducing the stigma around talking about mental health
- working to ensure that our people continue to be appropriately equipped and trained to do their work safely

- supporting good practice asset management by taking the opportunity to enhance safety features when we upgrade property, fleet, technology and equipment
- ensuring our people have the right PPE and safety practices in place during the COVID-19 pandemic, so we can continue to keep our communities safe
- developing and implementing systems that are easy, convenient to use and will provide improved safety, health and wellbeing reporting.

Our award-winning psychological wellbeing workshops

In order to keep our communities safe, our people respond to a range of emergencies. The nature of this work means that our people are exposed to psychological stress as part of their day-to-day roles.

To help our people be better prepared for, manage, and recover from work-related stress and illness, we developed psychological wellbeing workshops, which we have been running throughout the country since 2018. Initially designed as a workshop for our leaders to support their teams, the workshop has been so successful that we decided to open them up to all our people.

This year, we delivered 163 psychological wellbeing workshops to nearly 2,000 of our people.

In recognition of the success of these workshops, we were jointly awarded the AFAC/Stewart and Heaton 'Leading in Practice in Mental Health' award in August 2019.

We were awarded this for our "innovative and creative approach to reducing stigma about mental health through psychological wellbeing workshops".

We will continue to provide these workshops alongside our existing suite of support services to ensure everyone in Fire and Emergency has the support they need to look after themselves and look out for others.

Keeping our people safe during COVID-19

Throughout the pandemic, our key priority has been supporting regional and local leaders to keep our responders, their families and communities safe.

We established a Service Delivery Coordination Centre (SDCC) to coordinate our national approach, as well as embedding a number of our people in the AoG response structure.

We were able to move quickly to develop protocols that aligned with the movement in the Government alert levels to keep our people safe and assured. These protocols included:

- processes for enhanced cleaning requirements for our stations, equipment and vehicles
- management and supply of COVID-19-specific PPE
- a risk-based approach to scaling back training and risk reduction activities that still ensured we were able to deliver essential services safely
- ensuring that we had a contingency plan in place to maintain our operational capability in case COVID-19 impacted on our staffing levels.

Each of our regions established a COVID-19 leadership team to effectively coordinate the local COVID-19 response. These teams were well integrated within the multi-agency, regional coordination of managed isolation and quarantine facilities.

We chaired both the national Emergency Services Coordination Group and the Emergency Services Working Group. This provided a vital platform for multi-agency support, collaboration and scenario planning.

Many of the initiatives, protocols and coordination groups that we established for COVID-19 remain in place.

Safe@Work

We finished implementing of our new safety, health and wellbeing recording and reporting tool Safe@Work this year. The tool allows our people to easily record injuries, near misses, illnesses or wellbeing concerns from a range of devices and replaces our previous reporting tool.

Early and accurate reporting will allow us to identify and address safety issues quickly, making things safer for everyone. Since we implemented Safe@Work, we have seen an increase in reporting, with 2,467 incidents logged compared to 2,316 incidents logged in the previous year.

Valuing volunteers

Our communities are safer and stronger because of our volunteers.

Volunteers are, in many ways, one of our key links in our partnership with New Zealand. They bring their strengths and an awareness of the risks and needs of their communities into the way we work, supporting our responsibility to create safe communities and strengthen community resilience.

Currently, volunteers make up 80 percent of Fire and Emergency, providing essential services across the country, particularly outside our major cities.

Volunteerism Strategy 2019–2029

Our Volunteerism Strategy acknowledges the central role of volunteers in Fire and Emergency and affirms our commitment to our volunteers and volunteerism.

Our primary aim is to strengthen our connections with our volunteers, providing greater flexibility in how people volunteer, and increasing tailored support to attract and support our volunteers.

Reward and recognition initiatives

We know volunteering comes with a personal impact, so we've boosted support for volunteers and their families as a result of the Government's \$4 million annual package, announced in June 2019. The package includes key initiatives to help us to reward and recognise the contribution of our volunteers.

Our reward and recognition initiatives provided:

- an annual reimbursement of \$300 every year to help cover expenses such as travel costs for going to and from the station for training and call-outs, and using their personal phone to organise crews. During the year, more than 8,000 volunteers received their \$300 out-of-pocket reimbursement
- an overnight allowance of \$50 per night to recognise the impact on families and whānau when volunteers are away overnight for training purposes. This year, a total of \$250,050 was paid to volunteers
- access to discounted health insurance, which was accessed by 64 volunteers during the year
- a Frequent values discount service with discounted products and services like dining and travel. Over 1,725 volunteers used this service during the year
- discounts with a range of our suppliers, which we are developing further.



PROUD EMPLOYER OF FIRE AND EMERGENCY VOLUNTEERS

HE RŌPŪ KOTAHĪ TĀTOU

Employer Recognition Programme

Our Employer Recognition Programme is a programme of work to promote and recognise employers.

This year, we focused on developing the key initiatives under this programme that will help us to better recognise the contribution of our volunteers' employers and our self-employed volunteers.

Since the writing of this report, we have launched our Proud Employer Mark, which employers and self-employed volunteers can use on their shop and vehicle windows, business cards, email signatures, websites, social media pages and on stationery as a public display of the fact that they are proud supporters of Fire and Emergency's volunteers.

Further volunteer support

In addition to our reward and recognition initiatives, we also provide a range of activities over the year to help our volunteers stay safe and to support the vital work they do.

We provide our volunteers with free annual flu vaccinations. Demand for flu vaccinations was higher than normal this year due to COVID-19. As a result, we began offering flu vaccination vouchers to our volunteers earlier than scheduled and over 1,870 volunteers accessed their flu vaccination by 30 June 2020, around three times more than the previous year.

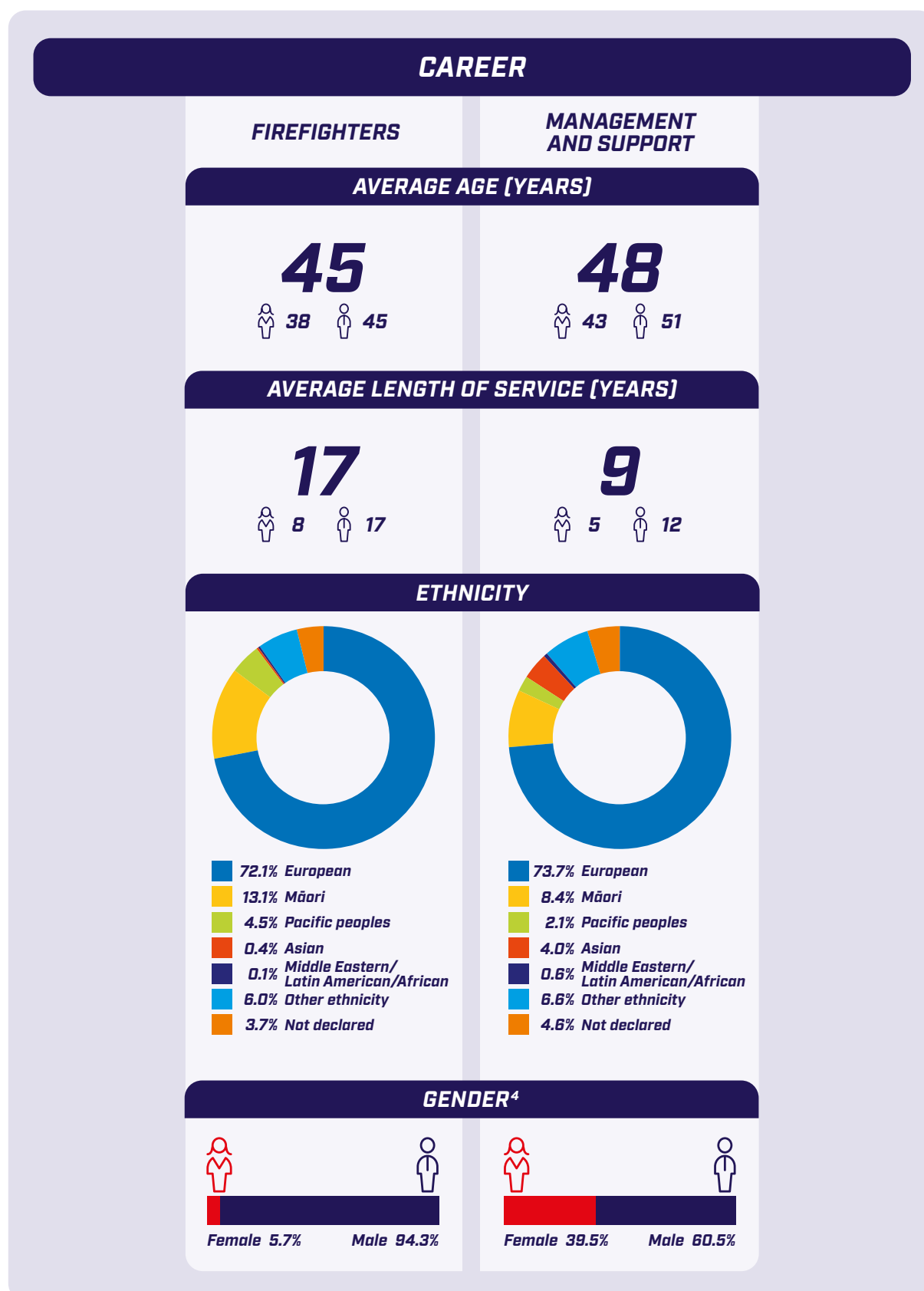
This year, we also financially supported the United Fire Brigades' Association (UFBA), the main association body for our volunteers, to provide:

- UFBA leadership workshops
- Pathways workshops
- Xero accounting software subscriptions for our volunteer brigades
- Secretaries workshops.

Volunteers remain at the heart of our organisation. We are committed to building a future where volunteers and volunteerism thrive in our organisation, and to supporting our communities.

People profile

as at 30 June 2020



⁴ We recognise that not all of our people may identify as male or female and are working to enable gender identity to be more accurately reported in the future.

VOLUNTEER

BRIGADE
SUPPORT

FIREFIGHTERS

OPERATIONAL
SUPPORT

AVERAGE AGE (YEARS)

40

40 39

45

39 45

53

48 56

AVERAGE LENGTH OF SERVICE (YEARS)

3

2 3

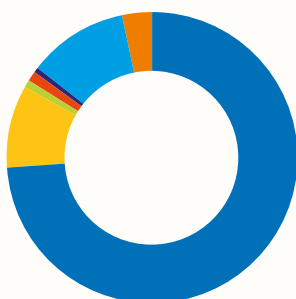
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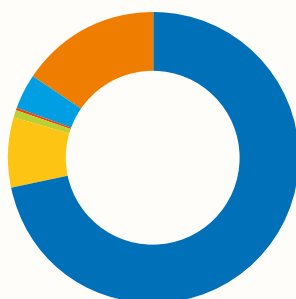
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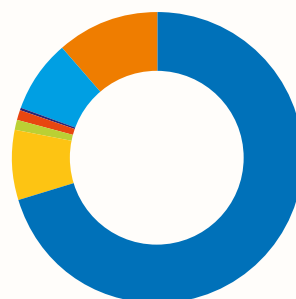
ETHNICITY



74.0% European
9.2% Māori
0.8% Pacific peoples
1.2% Asian
0.5% Middle Eastern/
Latin American/African
11.1% Other ethnicity
3.3% Not declared



71.9% European
7.6% Māori
0.8% Pacific peoples
0.3% Asian
0.1% Middle Eastern/
Latin American/African
3.9% Other ethnicity
15.4% Not declared



70.5% European
7.8% Māori
1.2% Pacific peoples
1.1% Asian
0.2% Middle Eastern/
Latin American/African
8.0% Other ethnicity
11.3% Not declared

GENDER



Female 36.1%



Male 63.9%



Female 13.6%



Male 86.4%



Female 33.0%



Male 67.0%

Developing a shared identity

He tuariki kua tohaina

Bringing together 40 separate organisations into a unified Fire and Emergency has required significant consultation and action about how we look, feel and behave.

As we work to become a more diverse and inclusive organisation, our identity is important given the strong links we have with our communities and our extensive reach. With 653 fire stations and depots across the country and 14,600 personnel, our presence is recognisable through our external branding and identity. As we build a unified organisation, embedding our values into all our behaviours and training to support and develop our people is fundamental.

This year, we focused on:

- creating a unified brand
- embedding our values
- managing our assets in an integrated way.

Creating a unified brand

Uniting together under one visual identity has been a major programme of work for us over the past three years during which we have focused on uniform, vehicles and stations.

During the past year, we have rebranded the majority of our vehicles and stations.

New facilities

Investment in new facilities supports our commitment to having the right resources in the right places, so we can keep the New Zealand public safe. These are high-quality, fit-for-purpose stations to support rapid response and help build resilience in our communities. They provide unique opportunities where we can bring our people together, share expertise and resources, and further strengthen longstanding relationships.

During the year, we celebrated the openings of new fire stations – including the Remutaka Fire Station in Upper Hutt (as described in the case study on page 41).

A unified uniform

Developing and designing one uniform for everyone across our organisation has been a major project since its launch in 2018. The new uniform will cover work wear, station wear and corporate wear. We completed the first phase of design and engagement in October 2019: this included a three-month nationwide tour and controlled trials, where staff were able to see proposed designs first-hand. Designs were adapted following feedback.

National wearer trials will begin in the next financial year followed by a full range of testing to ensure we meet all standards, compliance and certification.

This is an important and complex project and we are well on our way to developing a single working dress uniform for our people that is safe, practical and recognisable by the public.

Embedding our values

This year, to continue the work to embed our values, we have:

- incorporated our values as part of the new strategic framework
- included values conversations as part of the Incident Leadership and Development Course and NHQ Orientation Day
- embedded our values into the design of our Volunteer Leadership Development Course
- introduced a Fire and Emergency karakia based around our values
- included values in all position descriptions
- featured our values in our internal magazine Ignite, distributed to every station and office along with posters
- featured our values as a workshop topic at the Auckland Volunteer Conference
- highlighted values in an organisational video on respect and inclusion.

Values come to life when we lead by example, and we will continue to do that in all aspects of our behaviour, in everything we do.

United at Remutaka Fire Station

When Fire and Emergency was established in 2017, we wanted to see rural, urban and support crews come together as a unified fire and emergency service for their communities. Our new Remutaka Fire Station, officially opened in December 2019, is achieving exactly that.

The new station accommodates the Remutaka urban career crew, the Upper Hutt Rural Volunteer Fire Brigade and the Hutt-Wairarapa Operational Support Unit, previously spread across two locations. The new station was designed with input from all the crews and is the first purpose-built station of its type in the Wellington region. It has become an important and recognised hub for the Upper Hutt community and everyone who works there.

Gavin Dunphy, Area Manager Hutt Wairarapa, says the new station has had a big impact on the 75 personnel now operating there.

“For the first time we have everyone under one roof, and it’s fostered a real sense of belonging and pride, especially with our rural team. We can now train together, meet together and support each other in ways that weren’t previously possible,” said Gavin.

Craig Cottrill, Principal Rural Fire Officer, says the new fire station is breaking ground in other important ways as well.

“When we truly come together as one organisation and understand each other’s roles, backgrounds and motivations, it puts us in a much stronger position to help our communities. That’s where we are at Remutaka. We’re sharing systems, equipment and ideas and that encourages integrated thinking and a more unified approach, which is great for our people and the communities we serve,” he said.

The Remutaka Fire Station is a model we intend to learn from and introduce in other parts of the country.



Integrated asset management

Our \$1.3 billion asset base includes property, fleet, information and communications technology (ICT), and equipment. We recognised that we need to manage our assets in an integrated way so we can improve the quality of assets for our people and support our communities.

Strategic Asset Management Plan

To help us manage our assets, we developed our Strategic Asset Management Plan (SAMP) 2019–2029. This guides us as we develop and maintain detailed asset management plans, investment road maps, business plans, business cases and operational plans for our assets.

The SAMP will help to ensure that investment in our assets continues to deliver good value for our communities. It promotes efficient project delivery, evidence-based investment, and better management of risks and outcomes. Working closely with the National Risk Resourcing Model⁵, our asset planning and management practices by the SAMP are optimised to support our organisational priorities and outcomes, and to deliver value for money.

We have continued to make progress during the past year to improve our asset management maturity in line with international best practice.

Property

Over the 2019/20 financial year, we started or completed nine new builds, including sites at:

- East Coast Bays, Auckland
- Mangawhai Heads, Northland
- Pokeno, Waikato
- Pukete, Hamilton
- Remutaka, Upper Hutt
- Ilam, Christchurch
- Twizel, Canterbury
- Spencerville, Christchurch
- Queenstown, Otago.

We have also completed significant work on the live fire training unit in Woolston, Christchurch.

The new Spencerville Fire Station is one of 13 being redeveloped as part of our Christchurch Rebuild programme, which will bring together the Brooklands Volunteer Fire Brigade and the Bottle Lake Fire Force.

In December 2019, work started developing the new Ilam Fire Station and Fire Engineering Educational Training Facility, co-located and in partnership with the University of Canterbury. This presents a unique opportunity for our fire engineers to upskill current and future fire engineers, and to provide fire safety and risk reduction activities to a student audience which is traditionally hard to reach. The Ilam community will also be better served with reduced response times and increased local resource. We expect to complete this development by February 2021.

Alongside our rebuild programme, we completed or started three seismic builds and 14 upgrade or redevelopment projects in this financial year. We continue to anticipate completing seismic upgrades for medium- and high-risk sites within the statutory time frame, with the remaining sites in the programme to be completed by 2031 with the current level of funding.

We started a national condition assessment of all rural facilities in 2018. We conducted on-site and desktop assessments before starting the current programme of work. This programme consists of a series of comprehensive condition, engineering, exhaust fume management and asbestos assessments. We are using the results to inform and prioritise a capital investment programme over the next few financial years.

⁵ This is a modelling tool which helps us identify community risks and how we can best allocate resources to mitigate these risks.



Fleet

In September 2019, the Tawa Volunteer Fire Brigade received the first new truck designed for fighting vegetation fires. The new six crew medium cab appliances have a large capacity for carrying water and are four-wheel drive to deliver effective firefighting response services to rural communities. Nine of these trucks have now been delivered across the country.

We also delivered the first of a brand new model of medium water tanker, supporting a crew of three, with 18 more received for delivery. We introduced 19 Type 1 appliances and 13 Type 2 appliances – a total of 60 new appliances, making it more effective for our firefighters to manage fire and emergency events, keeping communities safer.

Equipment

Over the last year, we invested in protective clothing, portable pumps and hoses for rural firefighters, and an array of regionally deployed operational equipment. We began investigating lightweight and more durable hoses to replace some of our older technology hose systems. Part of our investigations included the use of lighter, more durable and more efficient pump and waterway systems.

We also started a significant piece of work to align our equipment fleets, and their management and maintenance, with the SAMP principles to ensure that we know:

- what we've got
- where it is
- what it does or is supposed to do
- who uses it and how they use it
- what condition it is in
- what it costs to operate
- when we'll need to replace it and with what.

This ongoing work will help us better manage our urban and rural firefighting and emergency equipment in an integrated way. We will see the introduction of common, national standards for equipment management, maintenance, testing/compliance and assurance.

Information and communications technology

During the year, we successfully implemented two key programmes that we piloted during the previous year.

Availability Messaging System

The speed with which a full crew of firefighters turn out and arrive at an incident is critical to minimising the severity of the outcomes of the incident.

Over the last year, to make sure our services remain timely, we replaced the Volunteer Availability Communications System, which had become obsolete, with Availability Messaging System (AMS). AMS is an effective app for volunteer brigade members to indicate whether they can attend an incident and gives an instant view of who is available and when they will arrive at the fire station, saving brigades' time as they prepare to respond to an incident.

In 2019/20, we rolled out AMS to 207 volunteer brigades. We continue to work to implement AMS in additional brigades, with a target of over 400 by April 2021.

Mobility solution

Our people and appliances need to go where they are needed as quickly and safely as possible. We recognised the need for better mobile information and communications for our fire crews, who faced problems with intermittent data coverage and poor network capacity. We established a programme to deliver modern, effective mobile solutions.

In the last year, we trialled the Mobility Solution in over 20,000 incidents, at 15 fire stations across a mix of career, volunteer and rural brigades and their appliances. The Mobility Solution enables good situational awareness by giving incident information electronically in near real time and it provides fast access to legislation, policies and tools which may be helpful during a response. It also provides information on buildings and traffic which can be shared with other responders.



Our performance

Te āhua o ā mātou mahi



Statement of performance

Te tauākī mahi

The 2019/20 Statement of performance expectations, combined with our 2017–2021 SOI, provides the strategic direction and priorities for our organisation.

The 2019/20 SPE sets out our expected non-financial and financial performance for the year to 30 June 2020. This section reports on:

- our reportable outputs
- our financial performance measures by output class.

The COVID-19 pandemic did not reduce our ability to deliver our key services, but it did impact our operations and limit our ability to achieve some of our targets this year. For those measures not achieved due to COVID-19, we have included notes detailing the impact.

1. Reduced likelihood of unwanted fires

2. Reduced consequences from emergencies

3. Increased community resilience

4. Organisational health and capability

Measurement key



Information
only



Achieved



Not
achieved



Not
applicable

Reportable outputs

1. Reduced likelihood of unwanted fires

By providing well-researched risk reduction programmes and initiatives, education, community engagement, in compliance with our role under the Act, we want to prevent unwanted fires from occurring and managed fires from getting out of control. We have developed a work programme to support the implementation of our Risk Reduction Strategy. This helps guide and inform the further development and refinement of our risk reduction activities to achieve our outcome Reduce likelihood of unwanted fires.

Advice to government, industry and councils on building design (1.1)

We are responsible for providing fire engineering, professional and technical fire safety advice on building design, which includes processing building consent applications and building evacuation schemes.

Our advice covers the following three areas of fire safety:

- Building consent applications covering the fire engineering design of buildings
- Evacuation scheme approvals and monitoring
- Support for other regulatory agencies with advice on fire safety compliance.

The measures below set out standards of timeliness for processing these applications.

Measure	2019/20			2018/19
	Target	Actual	Met	Actual
1.1.1 Percentage of building consent applications processed within 10 working days	100%	99.4%	⊗	100%
Notes: We missed the 10-working day statutory requirement by nine applications. During the year, we processed 1,548 building consent applications: compared to 1,213 for 2018/19, this was an increase of 27 percent.				
1.1.2 Percentage of building evacuation schemes processed within legislative timeframes ⁶	100%	98%	⊗	98%
Notes: During the year, were processed 98 percent of all applications for evacuation schemes within the legislative time frames, two percentage points short of the target. During the year, were processed 5,423 applications. We have identified system processing and application quality improvements and will make them during the 2020/21 financial year to improve performance.				

Fire safety education to the public (1.2)

We have been working with communities to understand how we can help them to reduce risk of fire and other emergencies. We aim to improve communities' knowledge of fire risks and the actions they can take to reduce those risks.

Our fire safety education programmes have three overarching goals:

- Leading the development of risk management best practice
- Fostering a risk reduction culture and capability
- Promoting safer people, communities and environments.

Our work to achieve these goals includes:





- FAIP – aimed at influencing positive behaviour change in young people aged 5–17 who have engaged in unsafe fire-lighting behaviour
- Get Firewise – a programme that gives Year 1 and 2 children the knowledge, attitudes and behaviour they need to stay fire safe
- HFSVs – aimed at improving fire safety outcomes in homes by providing fire safety advice and installing smoke alarms targeted at high-risk groups in particular.

Measure	2019/20			2018/19
	Target	Actual	Met	Actual
1.2.1 Rate of recidivism among Fire Awareness Intervention Programme participants	Below 10%	4.7%	✓	7.3%
1.2.2 Percentage of survey respondents who are aware that a fire can become unsurvivable within 5 minutes ⁷	90%	86%	⊗	88%
Notes: Eighty-six percent of people surveyed are aware that a house fire can become fatal within five minutes, four percentage points short of the target. While the target was not met, awareness in the 65+ age group was 94 percent. This is encouraging as we know this age group represented 60 percent of fire fatalities during the year.				
1.2.3 Percentage of survey respondents with at least one installed and working smoke alarm ⁸	88%	87%	⊗	New measure
Notes: Eighty-seven percent of people surveyed have at least one installed and working smoke alarm, just one percentage point short of the target. COVID-19 saw most retailers unable to trade during the critical period of smoke alarm sales. We worked with Ministry of Business, Innovation and Employment to reclassify smoke alarms as an essential item, which enabled these to be ordered online and delivered. The focus on smoke alarms linked to the daylight savings ("Push the button") campaign keeps a continued focus on this message, which is a core component of our constant messaging.				

⁶ Fire and Emergency New Zealand (Fire Safety, Evacuation, Procedures, and Evacuation Schemes) Regulations 2018, Part 2 Evacuation schemes, section 19.





⁷ The quarterly fire knowledge and communication survey is carried out by Kantar New Zealand. Survey parameters for this year's result: Sample size n=4,021 and a response rate of 81 percent. The margin of error is plus or minus 3.1 percent.

⁸ The quarterly fire knowledge and communication survey is carried out by Kantar New Zealand. Survey parameters for this year's result: Sample size n=4,021 and a response rate of 81 percent. The margin of error is plus or minus 3.1 percent.

1.2.4 Percentage of residential structure fires attended where a working smoke alarm was present	Information only ⁹	29.9%		New measure
1.2.5 Percentage of schools with year 1 and 2 students who have been offered the Get Firewise programme	100% by 30 June 2021	76%		First year of a two-year cycle
1.2.6 Percentage of schools with year 1 and 2 students who have completed the Get Firewise programme	60% by 30 June 2021	26% ¹⁰		First year of a two-year cycle
1.2.7 Percentage of incidents attended that are recorded as false alarms	Below 34% ¹¹	33.1%		New measure

Fire permitting and enforcement (1.3)

Under the Act, we are responsible for putting in place effective fire control measures which may include restricting or prohibiting the lighting of fires in open air. We manage this through a fire permitting system where we process applications to grant or refuse fire permits based on fire risk conditions and other fire control matters. We are also responsible for undertaking enforcement action relating to breaches of fire control legislation.

Measure	2019/20			2018/19
	Target	Actual	Met	Actual
1.3.1 Median number of days to process fire permitting applications	Establish baseline	1 day		New measure
1.3.2 Percentage of vegetation fires attended during prohibited fire season requiring a permit that did not have a permit	Establish baseline	No result		New measure
Notes: Early in the year, an internal audit identified that work was needed to improve data to support this measure. We are working to improve the underlying systems and processes, and this is expected to occur during the 2020/21 financial year.				
1.3.3 Percentage of vegetation fires attended during restricted fire season requiring a permit that did not have a permit	Establish baseline	No result		New measure
Notes: As for 1.3.2.				
1.3.4 Number of vegetation fire incidents	Below the 5-year average (4,654)	6,006		New measure

Notes: During the year, we had 6,006 vegetation fire incidents. Prolonged drought conditions were experienced which far exceeded those seen in the past five years. Fire drought conditions started early in November 2019 and lasted through to June 2020. Work is progressing to refine our fire control trigger points which will enable us to have an informed approach to restricting various activity types during future droughts. Working with stakeholders will also raise awareness of risk in these conditions.

⁹ We seek to develop an impact measure around the presence of working smoke alarms in residential structure fires. The 'information only' target reflects our aim to better understand the changes in behaviour, i.e. whether more people are taking steps to reduce risks to themselves by installing and maintaining smoke alarms.

¹⁰ The demand and completion timings of Get Firewise were significantly affected by COVID-19 during the first year of this two-year programme. We developed online learning material and offered alternative ways to assist parents and teachers to deliver the modules.

¹¹ Our aim is to see a reduction in false alarms over time, hence the 2019/20 target of below 34 percent. The development of a strategy on unwanted alarms will further help us to achieve this goal.

2. Reduced consequences from emergencies

We work with other emergency sector partners to minimise the impact of emergencies on people, property and the environment, while keeping people safe. We want to be a trusted responder to a wide range of fire and other emergency events such as structure and vegetation fires, motor vehicle accidents, hazardous substances emergencies, medical emergencies and natural hazard and disaster events.

Timely and professional response to fires (2.1)

National service delivery guidelines provide targets for responses to structure fires within the urban environment. We have been working on building baseline data for our organisation which, in time, will inform changes to these service delivery guidelines and our performance measures.

Measure	2019/20			2018/19
	Target	Actual	Met	Actual
2.1.1 Percentage of structure fires ¹² arrived at by career crews within 8 minutes	85%	79%	✗	80%
Notes: One out of five regions achieved this measure with urban sprawl and traffic congestion continuing to present increasing challenges for our stations. The proposed review of our Service Delivery Guidelines includes research and further analysis to determine appropriate measures to take into account the 'effectiveness of response' as well as the current 'speed of response'. Regions continue to monitor response performance to identify and implement any specific risk mitigations.				
2.1.2 Percentage of structure fires arrived at by volunteer crews within 11 minutes	85%	86%	✓	85%
2.1.3 Number of structures damaged by vegetation fire	Information only	36	i	29
2.1.4 Percentage of vegetation fires arrived at within 30 minutes (anywhere in NZ)	90%	94%	✓	New measure
2.1.5 Percentage of Communication Centre events dispatched for all incidents in rural environments, within two minutes of receiving the 111 call	80%	82%	✓	New measure

Timely and professional response to other emergencies (2.2)

Other emergencies we respond to include motor vehicle accidents, medical emergencies and hazardous substances events. National service delivery guidelines provide targets for responses to specific non-fire emergencies.

Measure	2019/20			2018/19
	Target	Actual	Met	Actual
2.2.1 Percentage of motor vehicle accidents arrived at by crews with specialist resources within 30 minutes	90%	97%	✓	96%
2.2.2 Percentage of medical emergencies ¹³ arrived at by career crews within 8 minutes	85%	86%	✓	86%
2.2.3 Percentage of medical emergencies arrived at by volunteer crews within 11 minutes	85%	80%	✗	81%
Notes: Two out of five regions achieved this measure, with typically longer travel distances and the time required for available volunteer crews to arrive at and leave the station presenting challenges in the remaining regions. The proposed review of our Service Delivery Guidelines includes research and further analysis to determine appropriate measures to take into account the 'effectiveness of response' as compared to the current 'speed of response'. Regions continue to monitor response performance to identify and implement any specific risk mitigations.				
2.2.4 Percentage of hazardous substances incidents arrived at by crews with specialist resources within 60 minutes	85%	96%	✓	95%

Maintain capability to respond to emergencies (2.3)

Ensuring our people have the right skills, knowledge and capability to deliver for communities is fundamental to them being able to do their jobs. Training programmes and courses carried out across the country ensure that our people are equipped to preserve life, and protect property and the environment in the communities they serve.

Measure	2019/20			2018/19
	Target	Actual	Met	Actual
2.3.1 All regions to complete a wildfire simulation exercise	By 30 June 2020	Achieved	✓	New measure

¹² Structure fires within urban environments.

¹³ Medical emergencies within urban environments.

3. Increased community resilience

We have the capability to respond to both national and international events. We strive to maintain a strong local presence throughout the country to be ready to support local needs. We want to help communities to be safer, stronger and more resilient.

Specialist disaster recovery following major emergencies (3.1)

USAR contributes to and supports disaster assessment and response work both within New Zealand and internationally. Through our USAR capability, we provide a skilled and specialist response to severe weather-related events, natural hazard events and disasters.

Measure	2019/20			2018/19
	Target	Actual	Met	Actual
3.1.1 International Search and Rescue Advisory Group (INSARAG) re-classification achieved by USAR	Maintain heavy team classification	Not achieved*	✗	Achieved
Notes: *We maintain our INSARAG heavy classification; however we did not meet the measure because of a global decision to postpone reclassification due to COVID-19. Our current classification has been extended to May 2022.				
3.1.2 Percentage of offshore USAR deployments that reach the point of departure within agreed time frame	100%	Not applicable	⊖	New measure
Notes: USAR was not deployed during 2019/20.				

An engaged and equipped network of communities (3.2)

We provide essential emergency response capability across New Zealand's communities.

We also respond to requests from international partners requiring assistance to major emergencies.

We achieve this by:

- establishing closer working relationships with our communities and partner organisations by ensuring our stakeholders are engaged and that we receive feedback on further strengthening our relationships
- supporting international partners with major emergencies.

Measure	2019/20			2018/19
	Target	Actual	Met	Actual
3.2.1 Annual external stakeholder engagement survey score ¹⁴	7.5/10 or better ¹⁵	6.4	✗	7.5
Notes: We ask a range of external stakeholders to assess the quality of their interaction with us, when compared to other agencies. There was a wide variance in scoring, with 59 percent of all respondents rating us higher than the target 7.5. This included central and local government stakeholders and many of our emergency services partners. We will be working to improve stakeholder engagement practices over the coming year, particularly with sectors who gave us lower ratings.				
3.2.2 Percentage of international wildfire requests for assistance where a response from Fire and Emergency is made within specified time frames ¹⁶	95%	96%	✓	New measure
3.2.3 Commence national roll-out of LACs by establishing seven LACs	By 30 June 2020	Achieved	✓	New measure
3.2.4 Trial the Local Risk Profiling Framework in one location and analyse lessons learned to inform roll-out to other areas	By 30 June 2020	Achieved	✓	New measure

¹⁴ The quarterly fire knowledge and communication survey is carried out by Ignite Research. Survey parameters for this year's result: Sample size n=68 and a response rate of 68 percent. The margin of error is plus or minus 0.93.

¹⁵ A score of 7.5 is regarded as very good, and a score of 8 or 9 is regarded as excellent.

¹⁶ A response is defined as whether we are able to be of assistance. We aim to provide a response within the time frames specified in the formal letter of request.

4. Organisational health and capability

We are building an inclusive, safety-conscious culture and a workforce that reflects the diversity of the communities we serve. We want to be a fire and emergency service that is well led, that has a valued and supported workforce whose safety is paramount, and the confidence and trust of communities and other partners.

Safety, health and wellbeing of all our people (4.1)

We have continued to foster a culture of safety, health and wellbeing through developing our leaders. They will filter this down through the organisation by demonstrating good safety, health and wellbeing practices, holding themselves to the highest standards, and understanding their people and how to support them. If our people are engaged and valued, we expect to see increases in early access to psychological wellbeing support and increases in near miss reporting.

Our safety, health and wellbeing practices will learn from the things we do well, and where we need to improve.

Our priorities for 2019/20 included:

- psychological wellbeing – continuing psychological wellbeing workshops for all personnel
- developing and implementing systems that are easy, convenient to use and will provide improved safety, health and wellbeing reporting.

Measure	2019/20			2018/19
	Target	Actual	Met	Actual
4.1.1 Percentage of workplace injuries incurred while responding to incidents per 1,000 incidents attended	Establish baseline	10.7	⊖	New measure
4.1.2 Targeted delivery of psychological wellbeing workshops to 2,000 personnel by 30 June 2020	2,000	1,991*	⊗	New measure

Notes: *This measure is a variation approved by the Minister on the original measure: "70% of leaders attend psychological wellbeing workshops by 30 June 2020". We recognised the need to change the measure so we could target the workshops to our career and volunteer personnel, who had the highest interest and need for this support. This measure was not achieved due to COVID-19, with delivery of the workshops put on hold due to the lockdown. Once lockdown ended, efforts were made to catch up on missed workshops and a large number of our people (151) completed the workshops in the final fortnight of the 2019/20 financial year.

An organisation fostering a culture of respect and inclusion (4.2)

We are committed to becoming a more diverse, inclusive workplace that fosters a culture of respect and inclusion and better reflects and understands our communities and their needs. We are aiming for a workplace where everyone feels respected and included, regardless of gender, ethnicity, age, sexual orientation and religious beliefs.

Our priorities for 2019/20 included:

- seeking feedback from our personnel, through the use of surveys, to ensure we are making the right choices to become the best workplace we can be
- implementing the recommendations from the independent Positive Workplace Culture review
- taking further steps to address fairness and equity in the way we reward and recognise our people
- further developing inclusive behaviours required and expected of our people to support a healthy workplace culture
- producing a draft Leadership Development Framework to give effect to what it means to be a leader at Fire and Emergency.

Measure	2019/20			2018/19
	Target	Actual	Met	Actual
4.2.1 Design and implement training to promote inclusive behaviours in the workplace through at least two regional pilots	By 30 June 2020	Achieved	✓	New measure
4.2.2 Report to the public and our people on the progress made to deliver the Positive Workplace Programme action plan	Every six months	Achieved	✓	New measure
4.2.3 Complete a review of the effectiveness of the initiatives undertaken to address our gender pay gap	By 30 June 2020	Not achieved	✗	New measure
Notes: By 30 June 2020, a preliminary review was completed of the methodology and analysis we have used to determine our gender pay gap, comparing us favourably to local and international regulatory practices. A literature review was also completed, examining practices in both regulatory and non-regulatory contexts across New Zealand, Australia, the United Kingdom and the United States of America. This provides the foundation to evaluate the effectiveness of initiatives undertaken by Fire and Emergency to address our gender pay gap. A management report on Fire and Emergency's gender pay gap, initiatives undertaken and effectiveness of those initiatives has been commissioned and sent for approval in September 2020, which forms the work required to achieve the SPE measure.				
4.2.4 Conduct an annual organisation-wide people survey and introduce pulse surveys	By 30 June 2020	Achieved	✓	New measure
4.2.5 Draft a Leadership Development Framework for engagement	By 30 June 2020	Achieved	✓	New measure

Integration programme (4.3)

2019/20 was the final year of our three-year programme to fully integrate urban and rural fire services within Fire and Emergency. Over this past year, more of our integration programme deliverables moved from their respective design phases of the first two years and into development and implementation stages.

Our priorities for 2019/20 included:

- progressing the next phase of the new operating model – following completion of the design of the proposed new operating model, the focus will shift to organisational design and consultation on proposed changes to roles and structures to support implementation of the operating model. Consultation will occur in multiple stages and will focus on unifying dual leadership structures with an emphasis on service delivery first
- designing a PMF which will show how we intend to organise and use our resources to deliver services to New Zealanders
- implementing our Risk Reduction Strategy – the strategy, developed in 2018, marks a significant shift in our focus and role in relation to risk reduction. Work will progress this year to develop the work programme required to support implementation of the strategy over the next five years
- implementing our Volunteerism Strategy – the strategy provides clear direction for how we will create a thriving volunteer workforce that serves communities in a unified, diverse and flexible way. Work will progress this year to develop the programme required to support implementation of the strategy over the next five years.

Measure	2019/20			2018/19
	Target	Actual	Met	Actual
4.3.1 Develop a unified leadership structure and appoint positions at senior and middle levels	By 30 June 2020	Not achieved	⊗	New measure
<p>Notes: On 1 July 2019, the SDLT came into effect. Consultation began in September 2019 on proposals for Tier 4 and 5 leadership structures (Tranche 2) in the Service Delivery branch, and Tier 3 leadership (Tranche 3) in all other branches. We received significant feedback from consultation, so to ensure sufficient time to consider this feedback, we delayed the decision documents. This decision to delay had an impact on our ability to meet the measure in full.</p> <p>Decisions and recruitment for Tranche 3 were largely complete by the end of June 2020, with the decisions on Tranche 2 partially complete. On 15 June 2020, the organisation reconsulted on some elements of Tranche 2 with decisions expected by quarter one 2020. Tranche 2 is scheduled for completion by quarter three 2020/21.</p>				
4.3.2 Implement a Performance Measurement Framework by populating the framework with indicators and measures	By 30 June 2020	Achieved	✓	New measure
4.3.3 Initiate evaluation of our existing risk reduction programmes using the evaluation framework developed in 2018/19	By 30 June 2020	Not achieved	⊗	New measure
<p>Notes: The National Programmes Evaluation Framework was approved by ELT in May 2020. The framework can now be implemented, however resourcing required to do so is subject to Tranche 2 appointments. The first two risk reduction programmes to be evaluated will be Get Firewise and HFSVs.</p>				
4.3.4 Develop a monitoring and evaluation framework for our Volunteerism Strategy	By 30 June 2020	Achieved	✓	New measure
4.3.5 Approve and commence implementation of an In-house Rules Framework for volunteer brigades	By 30 June 2020	Not achieved	⊗	Deferred to 2019/20
<p>Notes: An In-house Rules Framework has been approved. Additional analysis is required to fully understand the implications of the framework and the options it creates for the future model of engagement between volunteers, volunteer brigades and Fire and Emergency, in particular the legal and financial implications. The future model of engagement will be finalised after completion of this additional analysis, and a consultation process will occur with those affected. Implementation will then commence.</p>				

Financial performance measures by output class

Table 1: Main financial measures

	2019/20		2018/19
	Actual \$000	SPE target \$000	Actual \$000
Levy revenue	595,770	587,996	578,602
Total revenue	625,991	612,049	610,342
Total expense	599,482	605,788	576,320
Net surplus attributable to Fire and Emergency New Zealand	26,509	6,261	34,022

Table 2: Output classes by levy revenue

	2019/20		2018/19
	Actual levy revenue \$000 GST excl.	Budget levy revenue \$000 GST excl.	Actual levy revenue \$000 GST excl.
1.0 Reduced likelihood of unwanted fire	76,632	67,364	72,347
1.1 Advice to industry and councils on building design	9,206	1,897	8,033
1.2 Fire safety education to the public	41,839	36,721	38,271
1.3 Fire permitting and enforcement	25,587	28,746	26,043
2.0 Reduced harm from emergencies	509,128	487,762	481,207
2.1 Timely and professional response to all fires	346,219	331,448	318,461
2.2 Timely and professional response to other emergencies	162,909	156,314	162,746
3.0 Resilient communities	10,010	32,870	25,048
3.1 Specialist disaster recovery following major emergencies	10,010	27,715	25,048
3.2 An engaged and equipped network of communities	-	5,155	-
4.0 Transition to Fire and Emergency New Zealand	-	-	-
Total cost of outputs	595,770	587,996	578,602

Table 3: Output classes by other revenue

	2019/20		2018/19
	Actual other revenue \$000 GST excl.	Budget other revenue \$000 GST excl.	Actual other revenue \$000 GST excl.
1.0 Reduced likelihood of unwanted fire	3,910	4,475	5,577
1.1 Advice to industry and councils on building design	459	134	302
1.2 Fire safety education to the public	2,154	2,311	2,867
1.3 Fire permitting and enforcement	1,297	2,030	2,408
2.0 Reduced harm from emergencies	25,804	16,018	22,372
2.1 Timely and professional response to all fires	17,547	7,975	11,960
2.2 Timely and professional response to other emergencies	8,257	8,043	10,412
3.0 Resilient communities	507	3,560	3,791
3.1 Specialist disaster recovery following major emergencies	507	3,511	3,791
3.2 An engaged and equipped network of communities	-	49	-
4.0 Transition to Fire and Emergency New Zealand	-	-	-
Total cost of outputs	30,221	24,053	31,740

Table 4: Output classes by total expenditure

	2019/20		2018/19
	Actual total expenditure \$000 GST excl.	Budget total expenditure \$000 GST excl.	Actual total expenditure \$000 GST excl.
1.0 Reduced likelihood of unwanted fire	74,758	67,180	69,383
1.1 Advice to industry and councils on building design	8,981	1,891	7,704
1.2 Fire safety education to the public	40,816	36,621	36,703
1.3 Fire permitting and enforcement	24,961	28,668	24,976
2.0 Reduced harm from emergencies	496,681	486,427	461,485
2.1 Timely and professional response to all fires	337,755	330,540	305,409
2.2 Timely and professional response to other emergencies	158,926	155,887	156,076
3.0 Resilient communities	9,765	32,781	24,021
3.1 Specialist disaster recovery following major emergencies	9,765	27,640	24,021
3.2 An engaged and equipped network of communities	-	5,141	-
4.0 Transition to Fire and Emergency New Zealand	18,278	19,400	21,431
Total cost of outputs	599,482	605,788	576,320

Our financials

Te arotakenga pūtea

Financial statements

for the year ended 30 June 2020

- Statement of responsibility
- Independent Auditor's report
- Financial commentary
- Statement of comprehensive revenue and expense
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements



Statement of responsibility

Te tauākī haepapa

for the year ended 30 June 2020

We are responsible for the preparation of Fire and Emergency's financial statements and statement of performance, and for the judgments made in them.

We are also responsible for any end-of-year performance information provided by Fire and Emergency under section 19A of the Public Finance Act 1989.

We have the responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operation of Fire and Emergency for the year ended 30 June 2020.

Signed on behalf of the Board:



Hon. Paul Swain

Chair

27 November 2020



Rebecca Keoghan

Deputy Chair

27 November 2020

Independent Auditor's report

Te rīpoata a te kaiarotake tūtahi

To the readers of Fire and Emergency New Zealand's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Fire and Emergency New Zealand (Fire and Emergency). The Auditor-General has appointed me, John Whittal, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, of Fire and Emergency on his behalf.

Opinion

We have audited:

- the financial statements of Fire and Emergency on pages 64 to 102, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of Fire and Emergency on pages 14 to 37 and 46 to 55.

In our opinion:

- the financial statements of Fire and Emergency on pages 64 to 102:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information on pages 14 to 37 and 46 to 55:
 - presents fairly, in all material respects, Fire and Emergency's performance for the year ended 30 June 2020, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 27 November 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of COVID-19 on Fire and Emergency. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of COVID-19

Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on Fire and Emergency as set out in note 25 to the financial statements and page 46 of the performance information.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board are responsible on behalf of Fire and Emergency for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board are responsible on behalf of Fire and Emergency for assessing Fire and Emergency's ability to continue as a going concern. The Board are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of Fire and Emergency, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to Fire and Emergency's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fire and Emergency's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within Fire and Emergency's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Fire and Emergency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Fire and Emergency to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board are responsible for the other information. The other information comprises the information included on pages 3 to 107, but does not include the financial statements and the performance information, and our auditor's report thereon.


Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of Fire and Emergency in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out probity assurance engagements for four procurement contracts which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in Fire and Emergency.



John Whittall

Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

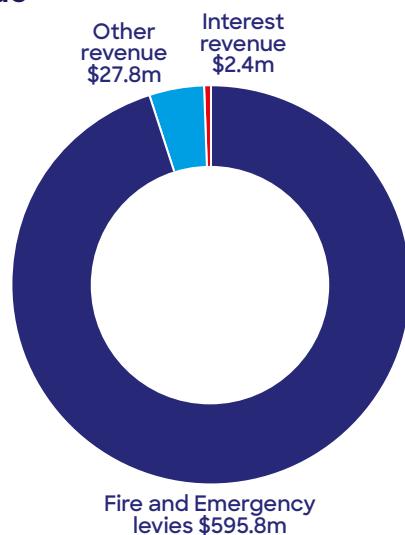
Financial commentary

Ngā korero ahumoni

Fire and Emergency performed strongly in 2019/20, with revenue higher than budget and costs close to budget. Only June levy payments were impacted by the COVID-19 pandemic as reduced cover on insurance policies taken out or renewed in April flowed through to lower levy receipts two months later. We expect this trend to continue and the 2020/21 year to be more financially challenging.

In the 2019/20 financial year, we received revenue of \$626.0 million and spent \$599.5 million, resulting in a net operating surplus of \$26.5 million. The value of our land and buildings increased by \$44.8 million, giving us a total surplus of \$71.3 million. This increased total equity (or the value of the organisation) to \$1.132 billion, meaning we entered the next financial year, during which COVID-19 is affecting revenue, in a sound financial position.

Revenue

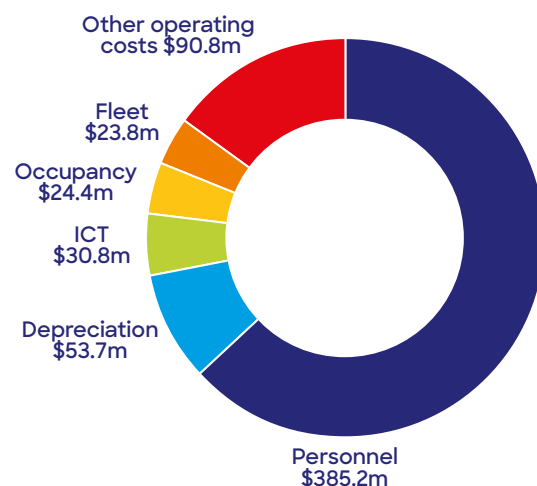


We receive 95 percent of our revenue through the Fire and Emergency Levy. Levy revenue was \$595.8 million for the year, which was \$7.8 million higher than budget. This was mainly due to growth in the levy base (the amount of properties and motor vehicles subject to insurance). This growth was partially offset by a reduction in levies received in June due to the impact of COVID-19.

Other revenue was \$27.8 million for the year. This was \$6.6 million higher than budget mainly due to recovery of costs related to the deployment of firefighters and incident management specialists to New South Wales and Queensland to help contain wildfires.

Total revenue at \$626.0 million was \$14.0 million higher than budget.

Expenses



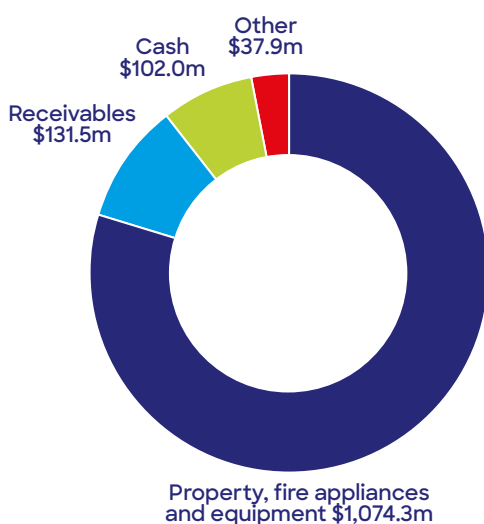
The majority of our costs are personnel-related. In 2019/20, we spent \$375.9 million on salaries and wages, superannuation, ACC levies, and employee and volunteer benefits.

In 2019/20, we spent \$132.7 million on depreciation, ICT, occupancy and fleet, which largely support operations. These costs were in line with budget.

Other expenses totalled \$90.8 million and were \$7.0 million lower than budget due to rephasing of Integration Programme projects and reduced travel costs as a result of COVID-19.

Total expenditure at \$608.7 million was \$3.0 million (less than 0.5 percent) higher than budget.

Assets



Fire and Emergency manages assets of \$1,345.7 million. Of this \$1,074.3 million is land, buildings, fire appliances and equipment. During the year, we invested \$98.9 million in fire stations, fleet, technology and the continued integration of services. Fire and Emergency is required to revalue its property each year to reflect fair value. The revaluation gain for 2019/20 was \$44.8 million.

Receivables, the second largest component, was \$131.5 million at year end. Over 95 percent of this is levies due, which have not changed significantly from the previous year.

The third largest component, cash and cash equivalents was \$102.2 million at year end. Half of this is ring-fenced to support the Capital infrastructure investment reserve and the Seismic resilience reserve. The balance is required for operational cash flow purposes and to meet the cost of significant adverse events (such as the Tasman wildfires in February 2019).

Impact of COVID-19

The effects of the COVID-19 pandemic were felt in New Zealand in March 2020 and are expected to continue for a number of years. The main impact on Fire and Emergency is expected to be a reduction in levy payments due to reduced insurance cover, payment default and/or payment deferrals. To date, the decrease in levy revenue has been mild and it is not possible to predict the future impacts. However, an ongoing drop in levy revenue is likely so we are increasingly prudent in our financial and cash management, and we are developing plans to reduce costs to offset the impacts in the coming financial year. These measures are designed to ensure we have a fiscally sustainable organisation.

Statement of comprehensive revenue and expense

for the year ended 30 June 2020

		2020	2020	2019
	Note	Actual \$'000	Budget \$'000	Actual \$'000
Revenue				
Levy	2	595,770	587,996	578,602
Interest revenue	2	2,465	2,867	3,994
Other revenue	2	27,756	21,186	27,746
Total revenue		625,991	612,049	610,342
Expense				
Employee and volunteer benefits expense	3	375,919	374,765	359,356
Depreciation	10	53,654	56,558	48,624
Amortisation	11	9,417	8,072	4,033
Finance costs	4	1,509	446	1,970
Other expenses	5	158,983	165,947	148,820
Tasman wildfires	5	-	-	13,517
Total expense		599,482	605,788	576,320
Net surplus		26,509	6,261	34,022
Other comprehensive revenue and expense				
Gains on revaluation of land and buildings net of impairment	10	44,793	5,890	35,160
Gain on transfer of assets from Department of Conservation	2	-	-	1,493
Total other comprehensive revenue and expense		44,793	5,890	36,653
Total comprehensive revenue and expense		71,302	12,151	70,675

The accompanying notes on pages 68 to 102 form part of these financial statements and explanations of significant variances are provided within them.

Statement of financial position

for the year ended 30 June 2020

		2020	2020	2019
	Note	Actual \$'000	Budget \$'000	Actual \$'000
Assets				
Current assets				
Cash and cash equivalents	6	102,005	74,715	119,654
Trade and other receivables	7	131,543	125,696	128,441
Prepayments	8	4,537	2,707	3,214
Non-current assets held for sale	9	1,997	-	2,677
Total current assets		240,082	203,118	253,986
Non-current assets				
Property, plant and equipment	10	1,074,257	1,024,525	1,005,651
Intangible assets	11	31,342	30,823	20,835
Total non-current assets		1,105,599	1,055,348	1,026,486
Total assets		1,345,681	1,258,466	1,280,472
Liabilities				
Current liabilities				
Trade and other payables	12	46,896	39,056	48,219
Employee and volunteer benefits	13	38,350	40,953	42,097
Borrowings	14	13,414	13,857	13,602
Provisions	15	4,363	1,702	1,995
Total current liabilities		103,023	95,568	105,913
Non-current liabilities				
Employee and volunteer benefits	13	58,549	43,879	49,174
Borrowings	14	48,091	62,398	60,977
Provisions	15	4,407	2,291	4,099
Total non-current liabilities		111,047	108,568	114,250
Total liabilities		214,070	204,136	220,163
Net assets		1,131,611	1,054,330	1,060,309
Equity				
Accumulated funds	16	711,561	753,961	666,959
Seismic resilience reserve	16	21,992	-	21,186
Capital infrastructure investment reserve	16	28,126	-	43,887
Crown funding injection	16	4,822	-	4,822
Revaluation reserves	16	365,110	300,368	323,455
Total equity		1,131,611	1,054,329	1,060,309

The accompanying notes on pages 68 to 102 form part of these financial statements and explanations of significant variances are provided within them.

Statement of changes in equity

for the year ended 30 June 2020

		2020	2020	2019
	Note	Actual \$000	Budget \$000	Actual \$000
Equity at beginning of year				
Balance at 1 July		1,060,309	1,042,178	987,947
Adjustment from the adoption of PBE IFRS 9		-	-	128
Adjusted balance at 1 July		1,060,309	1,042,178	988,075
Total comprehensive revenue and expense		71,302	12,151	70,675
Crown funding injection		-	-	1,559
Total equity at end of year	16	1,131,611	1,054,329	1,060,309

The accompanying notes on pages 68 to 102 form part of these financial statements and explanations of significant variances are provided within them.

Statement of cash flows

for the year ended 30 June 2020

		2020	2020	2019
	Note	Actual \$000	Budget \$000	Actual \$000
Cash flows from operating activities				
Receipts from levy		591,922	585,000	577,035
Receipts from other revenue		27,610	21,187	24,190
Interest received		2,449	3,024	3,994
Net GST received/(paid)		455	-	(958)
Payments to employees and volunteers		(368,353)	(335,294)	(349,577)
Payments to suppliers for goods and services		(158,079)	(216,916)	(151,862)
Net cash flows from operating activities	17	96,004	57,001	102,822
Cash flows from investing activities				
Proceeds from sale of property, plant, and equipment		2,221	-	709
Purchase of intangible assets		(14,537)	(8,526)	(5,156)
Purchase of property, plant and equipment		(86,968)	(109,242)	(97,007)
Net cash flows from investing activities	10	(99,284)	(117,768)	(101,454)
Cash flows from financing activities				
Interest paid		(355)	(350)	(436)
Payments on finance leases		(1,014)	(948)	(1,702)
Net proceeds/(repayments) of Crown funding injection	14	(13,000)	6,089	16,569
Net cash flows from financing activities		(14,369)	4,791	14,431
Net increase/(decrease) in cash and cash equivalents		(17,649)	(55,976)	15,799
Cash and cash equivalents at beginning of year		119,654	130,691	103,855
Cash and cash equivalents at end of year	6	102,005	74,715	119,654

The accompanying notes on pages 68 to 102 form part of these financial statements and explanations of significant variances are provided within them.

Notes to the financial statements

1. Statement of accounting policies for the year ended 30 June 2020

Reporting entity

Fire and Emergency is a body constituted under the Fire and Emergency New Zealand Act 2017 (the Act). Fire and Emergency is a Crown entity as defined by the Crown Entities Act 2004. Fire and Emergency is a stand-alone entity. As a Crown entity, Fire and Emergency is a public body accountable to the Responsible Minister, Parliament, and the New Zealand public for the statutory functions it undertakes, the services it delivers, and the resources it manages.

The primary objective of Fire and Emergency is to reduce the incidence of unwanted fire and the associated risk to life and property, and through its main and additional functions to protect and preserve life, prevent or limit injury, and to prevent or limit damage to property, land and the environment. Fire and Emergency's functions are to deliver services to the New Zealand public rather than to make a financial return. The organisation has designated itself as a public benefit entity (PBE) for financial reporting purposes.

These financial statements for Fire and Emergency are for the year ended 30 June 2020 and were authorised for issue by the Board on 27 November 2020.

Basis of preparation

Statement of compliance

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

These financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). They have also been prepared in accordance with Tier 1 PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars (NZD), and all values are rounded to the nearest thousand dollars (\$000).

Standards issued and not yet effective and not early adopted

An amendment to PBE IPSAS 2 Statement of cash flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. Fire and Emergency does not intend to early adopt the amendment.

The External Reporting Board XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Fire and Emergency will adopt PBE IFRS 41 Financial Instruments on or after 1 July 2021. Although Fire and Emergency has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022. Fire and Emergency will assess how application of PBE FRS 48 will affect its statement of performance during the year ending 30 June 2021.

There are no other standards or amendments issued that are expected to have a material impact on Fire and Emergency.

Changes in accounting policies

There were no changes in accounting policies during the financial year.

Comparative information

When the presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period, unless it is impracticable to do so.

In note 22 Financial instruments, the following notes have been restated:

- Categories of financial assets and financial liabilities – the amount for trade and other payables included items which are not financial instruments such as payables under non-exchange transactions. These amounts have now been excluded from trade and other payables. Note 12 Trade and other payables, comparative figures reflect this same adjustment.
- Contractual maturity analysis of financial liabilities – the amount for trade and other payables included items which are not financial instruments such as payables under non-exchange transactions and excluded items which are financial instruments such as finance leases and borrowings. These amounts have now been excluded and included from this note. In 2018/19 this note did not disclose the undiscounted contractual cash flows but has now been updated to include this information.

Summary of significant accounting policies

Significant accounting policies are included in the note to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Volunteer services

The operations of Fire and Emergency are dependent on the services provided by volunteer firefighters. Their contributions are essential to the provision of a comprehensive, efficient and effective emergency service throughout New Zealand. Volunteer services received are not recognised as revenue or expense by the organisation due to the difficulty of measuring the fair value with reliability.

Foreign currency transactions

Foreign currency transactions are translated into NZD (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Equity

Equity is the public's interest in Fire and Emergency and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the organisation. The components of equity are accumulated funds, other reserves, contributed capital and revaluation reserves. Revaluation reserves relate to the revaluation of property, plant and equipment to fair value.

Statement of cash flows

The make-up of cash and cash equivalents for the purposes of the Statement of cash flows is the same as cash and cash equivalents in the Statement of financial position. The Statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows.

Goods and services tax

Figures reported in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables, which are disclosed GST-inclusive. Where GST is not recoverable, it is recognised as part of the related asset or expense. The net amount of any GST balance, either recoverable or payable to the Inland Revenue, is included as part of receivables or payables in the Statement of financial position. Commitments and contingencies are disclosed as GST-exclusive. The Statement of cash flows has been prepared on a net GST basis, with cash receipts and payments presented GST-exclusive. A net GST presentation has been chosen to be consistent with the presentation of the Statement of comprehensive revenue and expense and Statement of financial position. The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of cash flows. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Income tax

Fire and Emergency is exempt from income tax in accordance with both the Income Tax Act 2007 and the Fire and Emergency New Zealand Act 2017. Accordingly, no provision has been made for income tax.

Budget figures

The budget figures were approved by the Board on 1 May 2019 as part of the 2019/20 Statement of performance expectations (SPE). The 2019/20 SPE was agreed by the Minister and presented to the House of Representatives pursuant to section 149 of the Crown Entities Act 2004. The budget figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

Expense allocation

The organisation allocates expense to outputs as follows:

- direct expenditure is calculated by allocating direct costs to specific outputs, as well as via resource allocations based on the time spent at incidents
- indirect costs, excluding Output 4.0 Integration, are allocated to outputs based on the proportion of direct expenditure.

Revenue allocation

The allocation of revenue to outputs is as follows:

- levy revenue is allocated to each output based on the proportion of expenditure allocated to the outputs
- non-levy revenue that is directly related to outputs is allocated to those outputs

Critical accounting estimates and assumptions

The preparation of financial statements in conforming with PBE IPSAS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are also reviewed on an ongoing basis and any changes to the estimates are recognised in the period in which they were revised. Any revision affecting future periods is recognised in the periods affected. Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes to the financial statements when they occur.

The following significant estimates and assumptions have the greatest risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- property, plant and equipment, and intangible assets' useful lives and residual values – refer to notes 10 and 11
- long service leave and gratuities – refer to note 13
- levy receivables – refer to note 7.

2. Revenue

Accounting policy

Fire and Emergency measures revenue at the fair value of consideration received or receivable. Specific accounting policies for major categories of revenue are outlined below.

Levy

Fire and Emergency recognises levy revenue on an accrual basis as per the requirement of PBE IPSAS 23.

Levy receipts are regarded as non-exchange transactions, as the payment of levy does not of itself entitle a levy payer to an equivalent value of services or benefits, because there is no relationship between paying levy and receiving services from the organisation.

Provision of services

Other revenue is derived from exchange transactions by providing services to third parties (such as monitoring private fire alarms) and is recognised in the financial year in which the services are provided in proportion to the stage of completion at balance date.

Interest revenue

Fire and Emergency recognises interest revenue using the effective interest rate method, which recognises interest as earned.

Rental revenue

Rental received under operating leases is recognised as revenue on a straight line basis over the term of the lease.

Donated assets

Where a physical asset is acquired for no cost or nominal cost, the fair value of the asset received is recognised as revenue only when Fire and Emergency has control of the asset.

Where a physical asset is gifted to or acquired by the organisation for nil consideration or at a subsidised cost, the asset is recognised at fair value and the difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of donated assets is determined as follows:

- for new assets, fair value is usually determined by the retail price of the same or similar assets at the time the asset was received
- for used assets, fair value is usually determined by market information for assets of a similar type, condition and age.

Breakdown of revenue and further information

Levy

	2020	2020	2019
	Actual \$000	Budget \$000	Actual \$000
Levy contributions	595,024	587,496	577,724
Penalty interest	492	310	570
Penalty surcharge	254	190	308
Total levy revenue	595,770	587,996	578,602

Reconciliation between cash flow and revenue

		2020	2019
	Note	Actual \$000	Actual \$000
Cash flows from receipts from levy		591,922	577,035
Deduct levy receivables at beginning of year	7	(123,818)	(121,462)
Add levy receivables at end of year	7	125,904	123,818
Add levy in advance at beginning of year		1,762	973
Deduct levy in advance at end of year	12	-	(1,762)
Total levy revenue		595,770	578,602

Explanation of major variances against budget

Levy contributions were \$7.5 million higher than budget (2020: Actual \$595.0 million; Budget \$587.5 million) mainly due to growth in the levy base (the amount of properties and motor vehicles subject to insurance). This was partially offset by a reduction in levy revenue received in June due to the impact of COVID-19.

Other revenue

		2020	2020	2019
	Note	Actual \$000	Budget \$000	Actual \$000
False alarms		(9)	-	(5)
Good corporate citizen contributions* ¹		2,756	2,280	1,907
Public good contributions* ²		10,000	10,000	10,000
Monitoring private fire alarms		1,404	1,579	1,808
Insurance proceeds		156	-	85
Rural Firefighting Fund		1	-	5
Gain on disposal of property, plant and equipment	10	130	-	486
Rental revenue**		437	451	461
Donations* ³		451	-	704
Deployment recovery		3,900	-	5,718
Miscellaneous revenue		8,530	6,876	6,577
Total other revenue		27,756	21,186	27,746

*Non-exchange revenue includes:

1. Voluntarily assessed amounts paid by owners who do not insure their property.
2. Government support for the public good element of fire and emergency services.
3. Cash, donated assets or community-led additions to Fire and Emergency property, plant and equipment.

**Rental revenue

Rental revenues received under operating leases comprised commercial properties (2020: \$0.2 million 2019: \$0.2 million) and residential properties (2020: \$0.3 million 2019: \$0.2 million).

Gain on transfer of assets from Department of Conservation

This 2018/19 financial year gain is shown on the Statement of comprehensive revenue and expense. On 10 May, 2019 rural assets were transferred from DOC. No consideration was paid. The fair value of these assets was \$1.5 million.

Explanation of major variances against budget

Other revenue was \$6.6 million higher than budget (2020 Actual: \$27.8 million; Budget \$21.2 million) mainly due to recovery of deployment costs. Fire and Emergency deployed 302 firefighters and incident management specialists to help contain wildfires raging in New South Wales and Queensland during the 2019/20 financial year. New Zealand has various agreements with the USA, Canada and Australia to supply reciprocal support and to recover costs for this deployment from the relevant host agency. Costs associated with the deployment are included in other expenses.

3. Employee and volunteer benefits expense

Accounting policy

Salaries and wages

Liabilities for wages and salaries, including annual leave, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised as an expense as employees provide services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Superannuation schemes

Defined contribution schemes

Contributions to KiwiSaver, the State Sector Retirement Savings Scheme, the New Zealand Fire Service Superannuation Scheme and the National Provident Fund are accounted for as defined contribution superannuation schemes and are expensed in the Statement of comprehensive revenue and expense as they fall due.

Defined benefit schemes

Fire and Emergency makes contributions to the National Provident Fund Defined Benefit Plan Contributors Scheme (the scheme), which is a multi-employer-defined benefit scheme. It is not possible to determine from the terms of the scheme the extent to which the surplus/(deficit) will affect future contributions by individual employers, as there is no prescribed basis for allocation.

Although this is a defined benefit scheme, there is insufficient information to account for the scheme as a defined benefit scheme. Therefore, the scheme is accounted for as a defined contribution scheme.

Personnel costs and further information

	2020	2020	2019
	Actual \$000	Budget \$000	Actual \$000
Salaries and wages	292,247	293,157	281,266
Employer contributions to superannuation schemes	24,824	23,692	21,772
ACC levies	2,536	1,418	2,320
Other employee and volunteer benefits expense	56,312	56,498	53,998
Total employee and volunteer benefits expense	375,919	374,765	359,356

Remuneration of employees

	2020	2019
Total remuneration paid or payable	Actual	Actual
\$100,000–\$109,999	431	433
\$110,000–\$119,999	318	337
\$120,000–\$129,999	240	243
\$130,000–\$139,999	164	159
\$140,000–\$149,999	166	144
\$150,000–\$159,999	128	138
\$160,000–\$169,999	66	116
\$170,000–\$179,999	33	49
\$180,000–\$189,999	31	30
\$190,000–\$199,999	17	20
\$200,000–\$209,999	9	14
\$210,000–\$219,999	3	7
\$220,000–\$229,999	5	7
\$230,000–\$239,999	4	6
\$240,000–\$249,999	2	4
\$250,000–\$259,999	3	3
\$260,000–\$269,999	2	1
\$270,000–\$279,999	3	-
\$280,000–\$289,999	1	-
\$290,000–\$299,999	-	2
\$300,000–\$309,999	1	-
\$310,000–\$319,999	-	2
\$320,000–\$329,999	1	-
\$330,000–\$339,999	2	-
\$350,000–\$359,999	1	-
\$360,000–\$369,999	1	2
\$410,000–\$419,999	1	-
\$510,000–\$519,999	-	-
\$530,000–\$539,999	-	1
\$540,000–\$549,999	1	1
\$580,000–\$589,999	-	1
Total employees	1,634	1,720

There has been a reduction of 86 in the number of employees with a remuneration value over \$100,000 since 2019. Of the 1,634 with total remuneration over \$100,000 per annum, 65 percent (1,036) were firefighters (2019: 63 percent). The remuneration values disclosed above include overtime payments. Consequently, events such as severe weather where firefighters work extra hours to attend weather-related call-outs over the period of the event have an impact on the number of employees, who then go over the \$100,000 banding. The range of remuneration value over \$100,000 for firefighters was \$100,000 to \$229,999 and the range for NHQ and region support staff over \$100,000 was \$100,000 to \$549,999.

Gratuities were paid out in accordance with the Act to employees and volunteers who leave Fire and Emergency following a minimum of 10 years' service. There were 73 employees (2019: 73 employees) and 130 volunteers (2019: 141 volunteers) who received gratuities, costing a total of \$2.3 million (2019: \$2.4 million) and \$0.3 million (2019: \$0.3 million) respectively.

During the year, four employees were paid severances costing a total of \$0.2 million (2019: 10 employees, \$0.5 million).

Remuneration of the Board and Committee members

		2020		2019
		Actual \$000		Actual \$000
	Note			
Hon. Paul Swain	Chair	64		64
Rebecca Keoghan (from 7 June 2019)	Deputy Chair	31		-
Dr Nicola Crauford (to 6 June 2019)	Deputy Chair	-		30
Te Arohanui Cook	Member and Remuneration Committee Chair	26		28
Peter Drummond (to 6 June 2019)	Member and Finance and Investment Committee Chair	-		26
Wendie Harvey (from 1 July 2018)	Member	28		25
Malcolm Inglis (from 1 July 2018)	Member and Audit and Risk Committee Chair	28		27
Gwendoline Tepania Palmer (from 9 September 2019)	Member	20		-
Total remuneration of the Board		197		200
Peter Taylor (Audit and Risk Committee)	Independent member	3		6
Brian Monk (Finance and Investment Committee to 1 December 2019)	Independent member	2		2
Total for year	5	202		208

During the year, no transactions were entered into with any member of the Board other than for the payment of their fees and the reimbursement of their expenses, and no members received any other compensation or benefits relating to cessation (2019: \$nil).

An interest register is maintained for members of the Board so that there is transparency and full disclosure, and a range of insurance cover is in place for Board and Committee members' liabilities.

4. Finance costs

Accounting policy

Borrowing costs are expensed in the financial year in which they are incurred.

		2020	2020	2019
		Actual \$000	Budget \$000	Actual \$000
Finance charge on finance leases		355	350	422
Other		1,154	96	1,548
Total finance costs		1,509	446	1,970

Explanation of major variances against budget

Other interest largely comprises interest amortisation on the Crown loan.

5. Other expenses

Breakdown of other expenses and further information

	2020	2020	2019
	Actual \$'000	Budget \$'000	Actual \$'000
Auditors – Audit New Zealand fees for other services	20	44	-
Auditors – Audit New Zealand fees for statutory audit	228	228	218
Other audit fees for other services	51	50	17
Clothing and other consumables	14,049	21,825	14,796
Communications	13,825	11,723	10,748
Computer maintenance and support	16,954	19,745	16,745
Fleet*	23,796	22,595	24,172
Grants	3,463	4,708	3,780
Hire of aerial services	6,410	5,428	3,527
Impairment of receivables	(182)	-	67
Insurance	3,008	2,655	2,291
Loss on disposal of property, plant and equipment	2,038	-	675
Occupancy**	24,351	25,422	23,801
Printing, stationery and postage	1,650	1,751	1,729
Professional fees and consultants	13,596	12,989	11,949
Publicity and advertising	6,083	7,110	5,677
Purchase of equipment < \$1,000	2,173	2,981	2,485
Remuneration of Board and Committee members	197	380	208
Repairs and maintenance	4,322	4,363	3,928
Research and development	1,617	1,509	1,175
Travel	10,184	14,828	14,069
Other expenses	11,150	1,456	6,763
Total other expenses	158,983	165,947	148,820

Lease payments

* Fleet expense includes vehicle operating lease payments (2020: \$4.6 million 2019: \$4.4 million).

** Occupancy expense includes office and carpark operating lease payments (2020: Office \$5.5 million; Carparks \$0.2 million 2019: Office \$5.3 million; Carparks \$0.1 million).

Tasman wildfires

As a large event that was not covered by the standard annual budget for fire suppression costs, the 2019 Tasman wildfires incremental costs are not included in Total other expenses and are shown on the Statement of comprehensive revenue and expense.

Explanation of major variances against budget

Total other expenses were \$6.9 million lower than budget (2020 Actual: \$159.0 million; Budget \$165.9 million) due mainly to rephasing of Integration Programme projects and to reduced travel costs as a result of COVID-19. These decreases were partially offset by higher other expenses due to the cost of deployments to New South Wales and Queensland to help contain wildfires. The recovery of these costs is included under Other revenue.

6. Cash and cash equivalents

Accounting policy

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with registered New Zealand trading banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Investments

Bank term deposits

Investments in bank term deposits are initially measured at the amount invested. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

Total cash and cash equivalents

	2020	2019
	Actual \$000	Actual \$000
Cash on hand and at bank	57,005	29,654
Short-term deposits	45,000	90,000
Total cash and cash equivalents	102,005	119,654

No collateral or other securities are held by Fire and Emergency in respect to cash and deposits at the financial institutions. The organisation maintains an unsecured bank overdraft facility of \$0.25 million (2019: \$0.25 million).

An unsecured short term cash advance facility of up to \$10.0 million was established in June 2020 to help manage the impacts of COVID-19. The facility has a two-year term. No funds were drawn on the facility as at 30 June 2020.

Sensitivity analysis

The weighted average effective interest rate for term deposits at 30 June 2020 was 1.53 percent (2019: 2.85 percent). As at 30 June 2020, if the interest rates increased/decreased by 1 percent, the interest revenue for the year and accumulated funds would increase/decrease by \$1.0 million (2019: \$1.20 million).

Basis for cash and cash equivalents

Fire and Emergency aims to hold minimum cash reserves of at least \$50 million to provide funding for:

- Working capital (to fund day-to-day operations) of \$25 million.
- Liquidity buffer (to allow for delayed levy receipts and/or unexpected payments) of \$10 million.
- One significant adverse event (i.e. earthquake, major fire, terrorist event) of \$15 million.

In addition to the minimum cash reserves, as at June 2020, \$50.1 million (2019 Actual: \$65.1 million) was ring-fenced to support the following reserves:

	2020	2019
	Actual \$000	Actual \$000
Capital infrastructure investment reserve	28,126	43,887
Seismic resilience reserve	21,992	21,186
Total reserves supported by cash and cash equivalents	50,118	65,073

The capital infrastructure investment reserve was established to track the balance of funds required to complete capital programmes deferred due to a focus on rebuilding Christchurch post earthquake and to manage a gap in the production of Type 3 appliances.

The seismic resilience reserve was established to assist Fire and Emergency to fund the seismic strengthening programme.

7. Trade and other receivables

Accounting policy

Short-term receivables

Short-term receivables are recorded at their face value, less an allowance for credit losses. Fire and Emergency applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on days past due.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Breakdown of trade and other receivables, and further information

	2020	2019
	Actual \$000	Actual \$000
Levy receivables	125,904	123,818
Other receivables	5,773	5,646
Deduct allowance for credit losses	(134)	(1,023)
Total receivables	131,543	128,441
Total receivables comprises:		
Receivables from non-exchange transactions (levy)	125,904	123,818
Receivables from exchange transactions (sale of goods and services)	5,773	5,646

Trade and other receivables mainly arise from Fire and Emergency's statutory functions and the carrying value approximates their fair value. The organisation does not have any significant concentration of credit risk in relation to trade and other receivables. There are no procedures in place to monitor or report the credit quality with reference to internal or external credit ratings. No collateral is held as security for any trade and other receivables, and the organisation's credit exposures are limited to the individual balances. The organisation does not have any receivables at year end (2019: \$nil) that would otherwise be past due, but not impaired, whose terms have been renegotiated.

Allowance for credit losses

The expected credit loss rates for receivables at 30 June 2020 and 1 July 2019 are based on the payment profile over the prior two years at the measurement date and corresponding historical credit losses experienced for that period. There have been no changes during the reporting in estimation techniques or significant assumptions used in measuring the loss allowance.

Critical accounting estimates and assumptions

Levy receivables

Levy receivables represent assured revenue. Calculation of the levy is determined by law on property insurance premiums paid to insurers on behalf of Fire and Emergency. Fire and Emergency utilise a rigorously maintained levy database which models this revenue based on the insurers' schedules of historical payments.

8. Prepayments

	2020	2019
	Actual \$000	Actual \$000
Prepaid computer licenses	3,787	2,952
Prepaid other	750	262
Total prepayments	4,537	3,214

9. Non-current assets held for sale

Accounting policy

Non-current assets held for sale are assets whose carrying amounts will be recovered through a sale transaction rather than through continuing use. These assets are available for immediate sale and the sale is considered to be highly probable. Non-current assets held for sale are recognised at the lower of their carrying amount and fair value (market value) less costs to sell, and are not depreciated or amortised while classified as held for sale. Any impairment losses for non-current assets held for sale are recognised in the Statement of comprehensive revenue and expense.

		2020		
	Note	Land Actual \$000	Buildings Actual \$000	Appliances Actual \$000
Balance at beginning of year		2,325	352	-
Disposals		(2,325)	(352)	-
Transfers	10	1,933	37	27
Net book value at end of year		1,933	37	27

		2019		
	Note	Land Actual \$000	Buildings Actual \$000	Total Actual \$000
Balance at beginning of year		107	116	223
Disposals		(100)	(95)	(195)
Transfers	10	2,318	331	2,649
Net book value at end of year		2,325	352	2,677

Non-current assets held for sale as at 30 June 2020 are no longer required for operational or administrative purposes. Sites include the planned disposal of properties in Christchurch (St Albans Station and Redwood Station surplus land) and Southland District (Thornbury Station). (2019: South Taranaki (Waitotara Station) and Henderson (Don Buck Road)).

10. Property, plant and equipment

Accounting policy

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses. Assets are classed as land, buildings, leasehold improvements, fire appliances, motor vehicles, communications, computer, operational equipment and non-operational equipment.

Revaluations

After initial recognition, land and buildings are valued annually to fair value by an independent registered valuer. Fair value is determined using market-based evidence and by reference to the highest and best use of those assets. Where there is no market-related evidence, fair value is determined by the optimised depreciated replacement cost. Fire and Emergency accounts for revaluations on a class basis. On revaluation, any accumulated depreciation is eliminated against the gross carrying amount, which is then adjusted to equal the revalued amount. The result of the revaluation of land and buildings is recognised in the asset revaluation reserve for that class of asset. Where this results in the carrying value of the revaluation reserve having a loss, this is expensed in the Statement of comprehensive revenue and expense. Any subsequent revaluation increase is recognised in the Statement of comprehensive revenue and expense, and expensed to the extent that it offsets previous revaluation decreases already recognised in the Statement of comprehensive revenue and expense. Otherwise, the gain is credited to the asset revaluation reserve for that class of asset.

Additions

Costs are capitalised as property, plant and equipment when they create a new asset or increase the economic benefits over the total life of an existing asset. This includes all costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. For existing assets, subsequent expense that extends or expands the asset's service potential is capitalised. Costs that do not meet the criteria for capitalisation, including costs of day-to-day servicing of property, plant and equipment, are recognised in the Statement of comprehensive revenue and expense. An asset is complete when it is available for use in the location and condition necessary for it to be capable of operating in the manner intended. Costs associated with incomplete assets are recognised as work in progress. When the asset is complete, the costs are transferred to the relevant asset class and depreciated in accordance with that class. Where an asset is acquired at no cost or nominal cost (e.g. a donated asset) and is controlled by Fire and Emergency, it is recognised at fair value at the date when control of the asset was obtained.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset less any disposal costs. Gains and losses on disposal are recognised in the Statement of comprehensive revenue and expense when they occur. When assets are disposed of, any related amount in the asset revaluation reserve is transferred to accumulated funds.

Leasehold improvements

Leasehold improvements are capitalised as property, plant and equipment.

Depreciation

Depreciation is charged to the Statement of comprehensive revenue and expense on all property, plant and equipment other than land and work in progress. Depreciation is calculated on a straight line basis at rates estimated to write off the cost (or valuation) of an asset, less any residual value, over its useful life.

Estimated useful lives and associated depreciation rates for asset classes are:

Buildings	10–70 years	1–10%
Fire appliances	10–30 years	3–10%
Motor vehicles	4–20 years	5–25%
Communications equipment	5–10 years	10–20%
Computer equipment	4–10 years	10–25%
Operational equipment	4–12 years	8–25%
Non-operational equipment	5–15 years	7–20%
Leasehold improvements	3–10 years	10–33%

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease or the estimated remaining useful life of the improvements. Assets recognised under a finance lease are depreciated over the shorter of the lease term or the estimated useful life of the asset.

Impairment

The carrying amounts for property, plant and equipment are reviewed annually to determine if there is any impairment. Fire and Emergency does not hold cash-generating assets which are utilised for commercial return. Impairment of non-cash-generating assets is where events or changes in circumstances occur that result in the carrying amount of an asset not being recoverable. An impairment loss is the amount by which the asset's net carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses on revalued land and buildings are treated as a revaluation decrease. Impairment losses on other property, plant and equipment are recognised in the Statement of comprehensive revenue and expense.

Critical accounting estimates and assumptions

Property, plant and equipment, and intangible assets' useful lives and residual values

The useful lives and residual values of property, plant and equipment and intangible assets are reviewed at each balance date. Assessing the appropriateness of useful life and residual value estimates requires Fire and Emergency to consider a number of factors, such as the physical condition, expected period of use, and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will impact on the depreciation or amortisation expense recognised in the Statement of comprehensive revenue and expense, and the carrying amount of the asset in the Statement of financial position.

Fire and Emergency minimises the risk of this estimation process by:

- performing asset verifications
- revaluing land and buildings
- conducting impairment testing
- having an asset replacement programme.

Fire and Emergency has not made any significant changes to past estimates of useful lives and residual values.

Breakdown of property, plant and equipment, and further information

	2020										
	Actual \$000										
	Land	Buildings	Fire appliances	Motor vehicles	Communications equipment	Operational equipment	Non-operational equipment	Computer equipment	Leasehold improvements	Work in progress	Total
30 June 2020											
Cost at beginning of year	-	-	321,699	6,990	38,104	97,337	28,386	20,826	7,148	81,596	602,086
Valuation at beginning of year	311,418	366,569	-	-	-	-	-	-	-	-	677,987
Net book value of leased assets at beginning of year	-	-	-	-	5,983	2,098	-	-	-	-	8,081
Accumulated depreciation	-	-	(165,046)	(3,692)	(18,567)	(57,613)	(16,888)	(14,530)	(6,167)	-	(282,503)
Work in progress	3	29,590	14,207	1,591	7,231	9,648	305	17,431	1,590	(81,596)	-
Net book value at beginning of year	311,421	396,159	170,860	4,889	32,751	51,470	11,803	23,727	2,571	-	1,005,651
Acquisitions	3,924	24,103	20,171	1,320	5,327	8,765	6,759	2,752	1,767	5,954	80,842
Disposals	(486)	(291)	(367)	(43)	-	(177)	(1)	(12)	-	-	(1,377)
Transfers	-	-	-	-	-	(2)	-	2	-	-	-
Depreciation	-	(20,189)	(11,317)	(1,109)	(5,123)	(8,578)	(2,648)	(3,667)	(1,024)	-	(53,655)
Transfer to non-current assets held for sale	(1,933)	(37)	(25)	(2)	-	-	-	-	-	-	(1,997)
Revaluation movement	14,297	30,496	-	-	-	-	-	-	-	-	44,793
Work in progress	355	10,334	7,932	(1,499)	(2,396)	946	109	(8,340)	(1,487)	(5,954)	-
Net book value at end of year	327,578	440,575	187,254	3,556	30,559	52,424	16,022	14,462	1,827	-	1,074,257
Cost at end of year	-	-	338,086	8,172	43,431	103,137	35,120	22,873	8,916	87,550	647,284
Valuation at end of year	327,220	400,651	-	-	-	-	-	-	-	-	727,871
Net book value of leased assets at end of year	-	-	-	-	5,211	1,408	-	-	-	-	6,619
Accumulated depreciation	-	-	(172,970)	(4,708)	(22,918)	(62,714)	(19,513)	(17,503)	(7,191)	-	(307,517)
Work in progress	358	39,924	22,138	92	4,835	10,593	415	9,092	102	(87,550)	-
Net book value at end of year	327,578	440,575	187,254	3,556	30,559	52,424	16,022	14,462	1,827	-	1,074,257

	2019										
	Actual \$'000										
	Land	Buildings	Fire appliances	Motor vehicles	Communications equipment	Operational equipment	Non-operational equipment	Computer equipment	Leasehold improvements	Work in progress	Total
30 June 2019											
Cost at beginning of year	-	-	312,534	5,711	35,315	86,469	23,101	16,537	6,986	51,703	538,356
Valuation	296,271	338,432	-	-	-	-	-	-	-	-	634,703
Net book value of leased assets at beginning of year	-	-	-	-	6,755	2,864	-	-	-	-	9,619
Accumulated depreciation	-	-	(156,208)	(2,955)	(15,109)	(50,786)	(15,619)	(11,001)	(5,528)	-	(257,206)
Work in progress	3	22,142	6,709	127	4,419	10,298	114	7,798	93	(51,703)	-
Net book value at beginning of year	296,274	360,574	163,035	2,883	31,380	48,845	7,596	13,334	1,551	-	925,472
Acquisitions	4,447	24,309	11,124	1,268	2,841	11,276	5,744	4,364	162	29,893	95,428
Fair value of assets transferred from Department of Conservation	670	291	431	90	-	11	-	-	-	-	1,493
Disposals	(176)	(132)	(135)	(12)	-	(149)	(20)	(3)	(2)	-	(629)
Transfers	-	(3)	-	-	-	1	2	-	-	-	-
Depreciation	-	(18,633)	(11,093)	(804)	(4,282)	(7,864)	(1,710)	(3,601)	(637)	-	(48,624)
Transfer to non-current assets held for sale	(2,318)	(331)	-	-	-	-	-	-	-	-	(2,649)
Revaluation movement	12,524	22,636	-	-	-	-	-	-	-	-	35,160
Work in progress	-	7,448	7,498	1,464	2,812	(650)	191	9,633	1,497	(29,893)	-
Net book value at end of year	311,421	396,159	170,860	4,889	32,751	51,470	11,803	23,727	2,571	-	1,005,651
Cost at end of year	-	-	321,699	6,990	38,104	97,337	28,386	20,826	7,148	81,596	602,086
Valuation at end of year	311,418	366,569	-	-	-	-	-	-	-	-	677,987
Net book value of leased assets at end of year	-	-	-	-	5,983	2,098	-	-	-	-	8,081
Accumulated depreciation	-	-	(165,046)	(3,692)	(18,567)	(57,613)	(16,888)	(14,530)	(6,167)	-	(282,503)
Work in progress	3	29,590	14,207	1,591	7,231	9,648	305	17,431	1,590	(81,596)	-
Net book value at end of year	311,421	396,159	170,860	4,889	32,751	51,470	11,803	23,727	2,571	-	1,005,651

Fair value of property

2020

30 June 2020	Land Actual \$000	Buildings Actual \$000	Total Actual \$000
Independent valuation	329,153	400,688	729,841
Total fair value at end of year	329,153	400,688	729,841
<i>The above is represented by:</i>			
Net book value at end of year	327,578	440,575	768,153
Work in progress	(358)	(39,924)	(40,282)
Non-current assets held for sale	1,933	37	1,970
Total fair value at end of year	329,153	400,688	729,841

Property consists primarily of special purpose fire stations, land and buildings, which form an integral part of the operational network.

The fair value of property at 30 June 2020 was determined by the independent registered valuer TelferYoung (Canterbury) Ltd at \$729.8 million (2019: \$680.7 million), from which impairments to buildings planned to be demolished, if any, are deducted. The \$49.2 million increase in the property valuation was mainly due to the \$44.8 million revaluation. This revaluation movement reflects value inflation, acquisitions, new stations and refurbishments/additions.

TelferYoung, as part of the valuation, tests the market value for all properties and, where no active market exists, such as for specialised firefighting or specifically designed emergency equipment, adopts Optimised Depreciation Replacement Cost (ODRC). ODRC determines a value at least cost replacement for the asset's remaining service potential through recognising characteristics of technical obsolescence or over-engineered capacity provided when compared to the operational requirement.

Land, dwellings, site improvements and small sheds are treated using an added value or market value approach. Given the number of properties in the portfolio and their geographical spread, not all properties are physically inspected. All properties are inspected in a three-year cycle, and a desktop valuation exercise is carried out on those properties that are not physically inspected. Fire and Emergency had 506 (2019: 496) properties in its property portfolio at year end, of which 160 (2019: 137) were inspected during the year (representing 32 percent of the portfolio).

Fair value of property

2019

30 June 2019	Land Actual \$000	Buildings Actual \$000	Total Actual \$000
Independent valuation	313,743	366,921	680,664
Total fair value at end of year	313,743	366,921	680,664
<i>The above is represented by:</i>			
Net book value at end of year	311,421	396,159	707,580
Work in progress	(3)	(29,590)	(29,593)
Non current assets held for sale	2,325	352	2,677
Total fair value at end of year	313,743	366,921	680,664

The fair value of property at 30 June 2019 was determined by the independent registered valuer TelferYoung (Canterbury) Ltd.

Seismic strengthening programme

The seismic resilience reserve projected by Fire and Emergency for the seismic strengthening programme amounted to \$22.0 million at year end (2019: \$21.2 million). Fire and Emergency requires a minimum standard for earthquake resilience of at least 67 percent of the current seismic loading standard as defined in the Building Act 2004 for fire stations (and other operational areas). It has approved a programme of works (either strengthening or replacement) based on a range of structural engineering work and risk assessment. The programme of seismic strengthening works is factored into the annual valuation process.

Other

All properties for disposal are subject to a consultative clearance process set up for the settlement of Māori land claims. Transfers and revaluation movements are shown net of accumulated depreciation. Disposals are shown net of accumulated depreciation and any impairment losses.

Capital cash spend

	2020	2020	2019
30 June 2020	Actual \$'000	Budget \$'000	Actual \$'000
Fleet	27,792	29,147	21,683
Property	45,054	48,210	43,811
ICT*	18,159	28,788	24,334
Operational equipment	10,500	11,622	12,335
Total property, plant, and equipment	101,505	117,767	102,163
Cash proceeds from disposals	(2,221)	-	(709)
Net spend	99,284	117,767	101,454

* ICT actual and budget include capex for intangible assets.

Explanation of major variances against budget

Capital spend was \$18.5 million lower than budget (2020: Actual \$99.3 million; Budget \$117.8 million) due to delays in the following areas caused by COVID-19:

- building activity, particularly in relation to Spencerville and live training builds
- receipt of fleet components and operational equipment from overseas
- market responses to ICT projects
- seismic builds.

11. Intangible assets

Intangible assets comprise computer software and the Shared Information Technology Environment (SITE). Intangible assets are shown at cost less accumulated amortisation and impairment losses. Included are the benefit of leases for rural properties with minimal rent, which were transferred to Fire and Emergency on amalgamation. This benefit is recognised at fair value less accumulated amortisation.

Computer software

Costs are capitalised as computer software when they create a new asset or increase the future economic benefits of an existing asset. Costs capitalised for acquired computer software licences include the costs incurred to acquire the software and bring it into use. Costs capitalised for internally developed computer software include the costs incurred in the development phase only. Expense incurred on research is recognised in the Statement of comprehensive revenue and expense, as well as costs that do not meet the criteria for capitalisation (including staff training and software maintenance).

Shared Information Technology Environment

SITE is a systems and technology platform that supports receiving calls and dispatching resources to emergency incidents. The asset represents Fire and Emergency's proportional share of SITE located at communication centres shared with New Zealand Police (Auckland, Wellington and Christchurch). These SITE assets include computer-aided dispatch software, a land mobile radio network and associated telecommunications structures. New Zealand Police maintains SITE and proportionally charges the organisation. This charge is recognised in the Statement of comprehensive revenue and expense.

Benefit of rural leases transferred

Some leases for rural properties that were transferred to Fire and Emergency on amalgamation at 1 July 2017 have only a peppercorn rental. An intangible asset has been recognised to reflect the benefit of acquiring the right to lease these properties. The value of the intangible asset is the annual market rental for these leases as assessed by Jones Lang LaSalle for the number of years Fire and Emergency has the right to lease.

Disposals

Gains and losses on the disposal of intangible assets are determined by comparing the proceeds with the carrying amounts of the assets, less any disposal costs. Gains and losses on disposal are recognised in the Statement of comprehensive revenue and expense when they occur.

Amortisation

Amortisation is charged to the Statement of comprehensive revenue and expense on a straight line basis at rates estimated to write off the cost of an asset, less any residual value, over its useful life.

Estimated useful lives and associated amortisation rates for asset classes are:

Computer software internally generated	4–10 years	10–25%
Computer software purchased	4–10 years	10–25%
SITE	4–10 years	10–25%
Benefit of leases on rural property	1–2 years	50–100%

Fire and Emergency does not own any intangible assets with an infinite life.

Impairment of intangible assets

The carrying amounts for its non-cash-generating specialist use intangible assets are reviewed annually to determine if there is any impairment. Impairment is where events or changes in circumstances occur that result in the carrying amount of an asset not being recoverable. Impairment losses on intangible assets are recognised in the Statement of comprehensive revenue and expense.

Critical accounting estimates and assumptions

Intangible assets' useful lives and residual values

The useful lives and residual values of intangible assets are reviewed at each balance date.

Fire and Emergency has not made significant changes to past estimates of useful lives and residual values as a result of the annual review process.

Breakdown of intangibles and further information

2020						
Actual \$'000						
	Computer software (internally generated)	Computer software (purchased)	Shared Information Technology Environment (SITE)	Work in progress	Rural leases	Total
30 June 2020						
Cost at beginning of year	13,491	26,104	18,471	11,550	1,199	70,815
Accumulated amortisation	(12,200)	(18,261)	(18,320)	-	(1,199)	(49,980)
Work in progress	5,058	5,954	538	(11,550)	-	-
Total at beginning of year	6,349	13,797	689	-	-	20,835
Acquisitions	12,475	15,791	131	(8,472)	-	19,925
Work in progress	(4,251)	(4,956)	735	8,472	-	-
Amortisation	(4,496)	(4,821)	(101)	-	-	(9,418)
Net book value at end of year	10,077	19,811	1,454	-	-	31,342
As at 30 June 2020						
Cost at end of year	25,967	41,891	18,601	-	1,199	87,658
Accumulated amortisation	(16,697)	(23,078)	(18,420)	-	(1,199)	(59,394)
Work in progress	807	998	1,273	-	-	3,078
Net book value at end of year	10,077	19,811	1,454	-	-	31,342

No restrictions are placed over the title of Fire and Emergency's intangible assets, nor are any assets pledged as security for liabilities.

2019						
Actual \$'000						
	Computer software (internally generated)	Computer software (purchased)	Shared Information Technology Environment (SITE)	Work in progress	Rural leases	Total
30 June 2019						
Cost at beginning of year	13,024	25,429	18,292	7,715	1,199	65,659
Accumulated amortisation	(11,260)	(15,773)	(18,292)	-	(622)	(45,947)
Work in progress	3,448	4,267	-	(7,715)	-	-
Total at beginning of year	5,212	13,923	-	-	577	19,712
Acquisitions	467	675	179	3,835	-	5,156
Work in progress	1,610	1,687	538	(3,835)	-	-
Amortisation	(940)	(2,488)	(28)	-	(577)	(4,033)
Net book value at end of year	6,349	13,797	689	-	-	20,835
Cost at end of year	13,491	26,104	18,471	11,550	1,199	70,815
Accumulated amortisation	(12,200)	(18,261)	(18,320)	-	(1,199)	(49,980)
Work in progress	5,058	5,954	538	(11,550)	-	-
Net book value at end of year	6,349	13,797	689	-	-	20,835

12. Trade and other payables

Accounting policy

Short-term creditors and other payables are recorded at their face value.

		2020	2019
	Note	Actual \$000	Actual \$000
Payables under exchange transactions			
Trade payables		15,327	18,133
Accrued expenses*		20,647	18,070
Total payables under exchange transactions**		35,974	36,203
Payables under non-exchange transactions			
Accident compensation*		417	320
Liabilities subject to condition		339	-
Levy in advance		-	1,762
Income in advance		195	434
Taxation payables (GST, PAYE, FBT)		9,970	9,500
Total payables under non-exchange transactions ***		10,921	12,016
Total payables	22	46,895	48,219

* Accrued expenses comparative amount prior to restatement was \$18,390 as Accident compensation now disclosed as a non-exchange transaction.

** Comparative amount prior to restatement was \$36,523.

*** Comparative amount prior to restatement was \$11,696.

Trade and other payables are non-interest-bearing and are typically settled on 30-day terms. As a result, the carrying value of trade and other payables approximates their fair value.

13. Employee and volunteer benefits

Accounting policy

Employee and volunteer benefits

A provision for employee and volunteer benefits is recognised as a liability when the benefits have been measured but not paid.

Current employee and volunteer benefits

Benefits to be settled within 12 months of balance date are calculated at undiscounted current rates of pay, according to the amount of the accrued entitlements. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and retirement and long service leave entitlements expected to be settled within 12 months. Non-accumulating absences such as maternity leave are compensated when the absences occur and therefore no accrual is necessary. Sick leave is paid when taken under Fire and Emergency's wellness policy and therefore no accrual is necessary. Gratuities for both paid personnel and volunteers are calculated on an actuarial basis.

Non-current employee and volunteer benefits

Benefits that are payable beyond 12 months, such as long service leave, retirement leave and gratuities for both paid personnel and volunteers are calculated on an actuarial basis. The actuarial calculation takes into account the future entitlements accruing to staff, based on:

- years of service
- years until entitlement
- the likelihood staff will reach the point of entitlement
- contractual entitlements information
- present value of estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees. Movements in the actuarial valuations are recognised in the Statement of comprehensive revenue and expense.

Breakdown of employee and volunteer benefits, and further information

	2020	2019
	Actual \$000	Actual \$000
Current employee and volunteer benefits		
Accrued salaries and wages	373	7,727
Annual leave	31,157	27,818
Long service leave and gratuities	6,505	6,552
Employer contributions to defined contribution plans	315	-
Total current employee and volunteer benefits	38,350	42,097
Non-current employee and volunteer benefits		
Long service leave and gratuities	57,659	49,174
Employer contributions to defined contribution plans	890	-
Total non-current employee and volunteer benefits	58,549	49,174
Total employee and volunteer benefits	96,899	91,272

Critical accounting estimates and assumptions

Position statement

Given the significant economic and fiscal uncertainty generated by the COVID-19 pandemic, the Board's preference was not to discount long service leave and gratuities and include the provision in the financial statements at an undiscounted amount of \$73.4 million. The Board ultimately accepts the discount rates provided by New Zealand Treasury for use in calculations such as these and that therefore, any deviation from these rates is not considered the appropriate approach, and has therefore adopted the Treasury discount rates for long service leave and gratuities.

Valuation method

The valuation of long service leave and gratuities for both paid personnel and volunteers depends on a number of factors that are determined on an actuarial basis using a range of assumptions. Key economic assumptions used in calculating this liability are the discount rate and the salary inflation factor. Any changes in these assumptions can have a significant impact on the carrying value of the liability.

The following key economic actuarial assumptions were made:

- Treasury rates were calculated as at 30 September 2020 (2019: 30 June 2019)
- implied risk-free rates over the period of cash outflows ranged from 2.9 percent to 4.3 percent (2019: 1.3 percent to 4.3 percent)
- the salary inflation factor was determined (at a minimum) at 2.5 percent (2019: 2.5 percent) per annum.

Sensitivity analysis

If the discount rate were to (decrease)/increase by 1.0 percent each year from the organisation's estimates, with all other factors held constant, the carrying amount of the liability would (decrease)/increase by (\$6.7 million)/\$7.8 million (2019: ((\$5.6 million)/\$6.5 million), thereby (decreasing)/increasing personnel costs and increasing/(decreasing) accumulated funds by the same amount.

14. Borrowings

Accounting policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless Fire and Emergency has an unconditional right to defer settlement of the liability until at least 12 months after balance date.

Crown funding injection

The Crown funding injection has been designated as a loan. The loan is at below market interest rates and the loan is initially recognised at the present value of expected future cash flows discounted using a rate for loans of a similar term and credit risk. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised as equity.

Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of an asset to Fire and Emergency, even if actual ownership is not transferred. At the commencement of a lease term, finance leases are recognised as assets and liabilities in the Statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Fire and Emergency will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life. There are no restrictions placed on Fire and Emergency by any of the finance leasing arrangements. Finance lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of default in payment.

Critical judgements in applying the organisation's accounting policies

Lease classification

Determining whether a lease agreement is finance or an operating lease requires judgement whether the agreement transfers substantially all the risks and rewards of ownership to the organisation. Fire and Emergency classifies leases as finance leases where:

- the lease transfers ownership to Fire and Emergency by the end of the lease
- Fire and Emergency has the option to purchase the asset at a price lower than fair value and expects to exercise this option
- the lease term is for the major part of the economic life of the asset
- the present value of total minimum lease payments equates to the fair value of the leased assets
- the leased assets are of a specialised nature and only Fire and Emergency can use them without major modification.

Classification as a finance lease means the asset is recognised in the Statement of financial position as property, plant and equipment, whereas for an operating lease no asset is recognised. Fire and Emergency has exercised its judgement on the appropriate classification of equipment leases and determined that a number of lease agreements are finance leases.

Breakdown of borrowings and further information

	2020	2019
	Actual \$'000	Actual \$'000
Current borrowings		
Finance leases	1,084	1,014
Crown funding injection payable	12,330	12,439
Other borrowings	-	149
Total current borrowings	13,414	13,602
Non-current borrowings		
Finance leases	3,842	4,926
Crown funding injection payable	44,249	56,051
Total non-current borrowings	48,091	60,977
Total borrowings	61,505	74,579
Analysis of minimum finance lease payments due		
Not later than one year	1,384	1,384
Later than one year and not later than two years	1,373	1,384
Later than two years and not later than five years	2,814	4,187
Total minimum lease payments due	5,571	6,955
Future finance changes	(645)	(1,015)
Present value of lease payments due	4,926	5,940
Analysis of present value of finance lease payments due		
Not later than one year	1,084	1,014
Later than one year and not later than two years	1,147	1,084
Later than two years and not later than five years	2,695	3,842
Present value of lease payments due	4,926	5,940
Classes of equipment financed:		
Radio equipment		
Not later than one year	1,012	929
Later than one year and not later than two years	1,080	1,018
Later than two years and not later than five years	2,634	3,642
Present value of lease payments due	4,726	5,589
Protective gear		
Not later than one year	72	85
Later than one year and not later than two years	67	66
Later than two years and not later than five years	61	200
Present value of lease payments due	200	351

Fire and Emergency typically enters into finance leases for various items of plant and equipment, and these are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The net carrying value of assets held under finance leases is included in note 10.

Crown funding injection

The Crown has approved funding of up to \$112.0 million to help fund the transition to a new unified national fire service. Drawdown is spread over four years and can only be used for the transition programme. There is no obligation on the Crown to pay the full amount applied for and so a lesser amount may be released, if deemed appropriate.

The funding injection is to be repaid over nine years from levy receipts, with the first instalment being paid on 29 June 2018 and the final instalment to be made by 30 June 2026. The carrying value of Crown borrowings due to the funding injection as at 30 June 2020 was \$56.6 million (2019 Actual: \$68.5 million) as set out below. The carrying value is based on cash flows discounted using the spot discount rate.

		2020	2019
	Note	Actual \$'000	Actual \$'000
Crown funding injection at beginning of year at face value		71,850	55,281
Additional funding injection at face value		-	28,569
Deduct funding repayment at face value		(13,000)	(12,000)
Crown funding injection at face value		58,850	71,850
Deduct fair value adjustment at initial recognition	16	(4,822)	(4,822)
Accumulated interest amortisation		2,551	1,462
Carrying value at the end of year		56,579	68,490

15. Provisions

Accounting policy

Fire and Emergency recognises a provision for future expense of uncertain amount or timing when: there is a present obligation (either legal or constructive) as a result of a past event; it is probable that expense will be required to settle the obligation, and; a reliable estimate can be made of the amount of the obligation. Provisions are distinct from other liabilities (such as trade payables) because there is uncertainty about the timing or the amount of the future expense required in settlement. The organisation provides for the amount it estimates is needed to settle the obligation at its present value.

Fire and Emergency uses a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to the passage of time is recognised as a finance cost. Specific accounting policies for major provisions are outlined below.

Lease make-good

The lease make-good provision covers the costs involved in returning leased items of property, plant and equipment to the state they were in when Fire and Emergency entered the lease. The expected future make-good costs were discounted using market yields on government bonds at balance date, with terms to maturity that match, as closely as possible, the estimated future payments. At 30 June 2020, market yields on applicable government bonds rates were close to zero.

Loss of medical scheme

The loss of medical scheme provision provides insurance cover for personnel who contributed to a former medical compensation scheme and elected not to join Fire and Emergency's superannuation scheme.

Accident Compensation Corporation Partnership Programme

Fire and Emergency belongs to the Accident Compensation Corporation Partnership Programme (ACCPP), which is a full self-cover plan with the ACC. Under this plan, the organisation accepts the management and financial responsibility for employee work-related illnesses and accidents, manages all claims, and meets all claim costs for a period of four years. At the end of this period, the liability for ongoing claims passes to ACC, with the organisation paying a premium for the value of residual claims.

The provision for the ACCPP is calculated on an actuarial basis as the present value of expected future payments to be made in respect of employee injuries and claims up to balance date. Consideration is given to anticipated future wage and salary levels, and experience of employee claims and injuries. Movements in the provision are recognised in the Statement of comprehensive revenue and expense. Expected future payments are discounted using market yields on government bonds at balance date, with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Restructuring provision

Fire and Emergency has assessed employee legal and associated costs incurred through implementation of restructuring fire and emergency operations at year end.

Breakdown of provisions

	2020	2019
	Actual \$000	Actual \$000
Current provisions		
Loss of medical scheme	171	170
ACC Partnership Programme	1,983	1,825
Restructuring provision	2,209	-
Total current provisions	4,363	1,995
Non-current provisions		
Lease make-good	2,250	2,225
ACC Partnership Programme	2,157	1,874
Total non-current provisions	4,407	4,099
Total provisions	8,770	6,094

Movements for each class of provision are as follows:

	Loss of medical scheme \$000	Lease make-good \$000	ACC Partnership Programme \$000	Restructuring provision \$000	Total \$000
Balance at 1 July 2018	169	1,030	2,767	-	3,966
Additional provisions made	1	1,195	932	-	2,128
Balance at 30 June 2019	170	2,225	3,699	-	6,094
Additional provisions	1	25	441	2,209	2,676
Balance at 30 June 2020	171	2,250	4,140	2,209	8,770

16. Equity

Breakdown of equity and further information

		2020	2019
	Note	Actual \$000	Actual \$000
Accumulated funds			
Balance at beginning of year		666,959	622,570
Transferred assets		-	1,493
Transfer (to)/from Capital infrastructure reserve		15,761	9,863
Transfer (to)/from Seismic resilience reserve		(806)	(1,398)
Transfers from disposal of land and buildings		3,138	409
Surplus for the year		26,509	34,022
Balance at end of year		711,561	666,959
Seismic resilience reserve			
Balance at beginning of year		21,186	19,788
Transfer from/(to) accumulated funds		806	1,398
Balance at end of year	6	21,992	21,186
Capital infrastructure investment reserve			
Balance at beginning of year		43,887	53,750
Transfer from/(to) accumulated funds		(15,761)	(9,863)
Balance at end of year	6	28,126	43,887
Crown funding injection			
Balance at beginning of year		4,822	3,263
Fair value adjustment		-	1,559
Balance at end of year	14	4,822	4,822
Revaluation reserves			
Balance at beginning of year		323,455	288,704
Revaluations		44,793	35,160
Transfer to accumulated funds on disposal		(3,138)	(409)
Balance at end of year		365,110	323,455
Revaluation reserves consist of:			
Land		173,736	161,303
Buildings		191,374	162,152
Total revaluation reserves		365,110	323,455
Total equity		1,131,611	1,060,309

Revaluation reserves are used to record accumulated increases and decreases in the fair value of land and buildings. When a property is disposed of (either through sale or demolition), any balance in the revaluation reserve relating to that property is transferred to accumulated funds.

17. Reconciliation of net surplus to the net cash flow from operating activities

	2020	2019
	Actual \$000	Actual \$000
Net surplus attributable to the owners of the organisation	26,509	34,022
Add/(subtract) non-cash items		
Property, plant, and equipment write-offs	2,037	675
Amortisation	9,418	4,033
Depreciation	53,654	48,624
Interest amortisation	1,089	1,462
Total non-cash items	66,198	54,794
Add/(subtract) movements in Statement of financial position items		
Increase/(decrease) in trade and other payables including GST	(808)	10,438
(Increase)/decrease in prepayments	(1,323)	(506)
(Increase)/decrease in receivables	(3,102)	(5,491)
Increase/(decrease) in provisions	2,676	2,128
Increase/(decrease) in employee and volunteer benefits	5,629	7,501
Total net movements	3,072	14,070
Add/(subtract) investing activities		
(Gains)/losses on disposal of fixed assets	(130)	(486)
Interest paid	355	422
Total investing activities	225	(64)
Net cashflows from operating activities	96,004	102,822

18. Capital commitments

Accounting policy

Commitments

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into at balance date. Cancellable commitments that have penalty or exit costs explicit in the agreement are reported at the minimum future payments, including the value of the penalty or exit cost.

Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for, but not recognised as paid or provided for, at balance date.

Future minimum asset payments due under non-cancellable contracts

	2020	2019
	Actual \$000	Actual \$000
Buildings	14,144	15,355
Fleet	19,717	15,303
ICT	909	1,082
Plant and equipment	1,689	2,064
Intangibles	107	1,127
Total capital commitments	36,566	34,931
Buildings	14,144	15,355
Fleet	19,717	15,303
ICT	909	1,082
Plant and equipment	1,689	2,064
Intangibles	107	1,127
Not later than one year	36,566	34,931
Total capital commitments	36,566	34,931

Capital commitments arise when orders are placed before balance date but the goods and services are received after balance date and where commercial penalties exist for the cancellation of these contracts. The majority of the capital commitments are for the acquisition of property, fire appliances, and plant and equipment.

19. Operating lease commitments as lessee

Accounting policy

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to Fire and Emergency are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight line basis over the term of the lease in the Statement of comprehensive revenue and expense. Lease incentives received are recognised in the Statement of financial position and then as an expense in the Statement of comprehensive revenue and expense and expensed as part of operating lease expense on a straight-line basis over the lease term.

Non-cancellable operating leases

Non-cancellable operating leases include future payments due under the lease contract. Operating leases are principally for property and motor vehicles. Interest commitments on borrowings and commitments relating to employment contracts are not included in the commitments note.

Future minimum lease payments due under non-cancellable operating leases as lessee

	2020	2019
	Actual \$000	Actual \$000
Not later than one year	9,649	9,996
Later than one year and not later than five years	11,370	13,666
Later than five years	6,577	7,367
Total operating lease commitments as lessee	27,596	31,029

Fire and Emergency has operating lease commitments for office and fire station premises, motor vehicles and office equipment. Significant leases include the seven floors and car parks at NHQ located at 80 The Terrace, Wellington. No restrictions are placed on the organisation by any of its operating leasing arrangements, other than that the premises must be used as commercial premises. Lease payments recognised as an expense in the year amounted to \$10.3 million (2019: \$9.9 million). The organisation does not have any contingent rents or sublease payments.

20. Operating leases as lessor

Future minimum lease payments due under non-cancellable operating leases as lessor

	2020	2019
	Actual \$'000	Actual \$'000
Not later than one year	59	150
Later than one year and not later than five years	46	112
Later than five years	48	51
Total operating lease commitments as lessor	153	313

Fire and Emergency leases out some property under operating leases. The majority of these leases have a non-cancellable term of one month. No contingent rents have been recognised in the Statement of comprehensive revenue and expense during the year (2019: \$nil).

21. Contingencies

Accounting policy

Contingent assets and contingent liabilities are disclosed in the notes to the financial statements at the point at which the contingency is evident. Contingent assets are disclosed if it is probable that the benefits will be realised. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote.

Contingent liabilities

Replacement of fire stations in the Christchurch area

Fire and Emergency has commenced and completed new builds, purchased new land, and demolished and refurbished fire stations during the year, and continues to evaluate its options around the replacement programme for fire stations (replace, repair, demolish or relocate) located in the Christchurch area due to earthquake damage. Rebuild costs are estimated and as the project proceeds, further evaluation may identify exposure to additional reconstruction costs.

Seismic strengthening programme

There remains some uncertainty around cost projections for the seismic strengthening programme and there is a possibility that total spend may exceed the seismic resilience reserve amount of \$21.2 million at year end (2018: \$19.8 million).

Personnel issues

At 30 June 2020, there were national level employment change process disputes with two separate unions and seven volunteer-related issues pending resolution which were, subject to preserving confidentiality protections, identifiable in the legal system or in mediation. It is difficult to predict the final outcome of these matters with any great degree of certainty. Therefore, any possible financial reparations eventuating from the settlement decision of these matters are currently unquantifiable.

Firefighting foam contamination

A national investigation is currently under way to determine the environmental impact of the historical use of firefighting foams containing substances known as per- and poly-fluoroalkyl substances (PFAS). During the year, Fire and Emergency examined seven of eight identified sites and found no contamination. In New Zealand, the obligation for remediating contaminated land sits with the polluter and landowner, so there may be a liability on a polluter if they have discharged to the environment. The extent of any future costs for mitigation and remediation related to the past use of firefighting foams by Fire and Emergency is currently unknown.

Contingent assets

Historical claims for cost recovery

In accordance with section 43 of the former Forest and Rural Fires Act 1977, there are a number of claims with legal advisors for cost recovery at year end. Possible recoveries have been estimated to be \$1.0 million (2019: \$6.3 million).

22. Financial instruments

Accounting policy

Financial instruments

Fire and Emergency is party to financial instruments as part of its normal operations. Financial instruments include financial assets and financial liabilities. Financial instruments are initially recognised at fair value plus transaction costs. Subsequent measurement of financial instruments is dependent upon the classification determined by the organisation at initial recognition. Financial instruments are classified into the following categories based on the purpose for which they were acquired.

Financial assets

Fire and Emergency classifies its financial assets as follows:

A. Financial assets at fair value through the Statement of comprehensive revenue and expense, which are comprised of derivative financial instruments.

Fire and Emergency uses derivative financial instruments (forward foreign exchange contracts) to manage its exposure to foreign exchange risk in relation to the purchases of significant items of property, plant and equipment. The organisation does not hold or issue these financial instruments for trading purposes and has not adopted hedge accounting. Forward foreign exchange contracts are initially recognised at fair value on the date the organisation entered into the contract and are subsequently remeasured to their fair value at each balance date. Fair value is determined as the value of entering into a forward foreign exchange contract, for the same quantity of foreign currency with the same settlement date as the original contract, at the date on which the fair value is determined. Movements in the fair value of the forward foreign exchange contracts are recognised in the Statement of comprehensive revenue and expense. Derivative financial instruments can also be classified as financial liabilities depending on the fair value at balance date.

B. Loans and receivables, which comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents include cash on hand, deposits held on call with banks (both domestic and international) and other short-term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are amounts due from insurers for levy or from customers for goods sold or services performed in the ordinary course of business. Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Fire and Emergency holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade and other receivables are recorded at the amount due, less an allowance for credit losses. Fire and Emergency applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, trade and other receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Financial liabilities

Financial liabilities comprise trade and other payables and bank overdrafts. These items represent unpaid liabilities for goods and services provided to Fire and Emergency before the end of the financial year. The amounts are unsecured and usually paid within 30 days of recognition. Financial liabilities entered into with a duration of less than 12 months are recognised at their nominal value. Financial liabilities with a duration of more than 12 months are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. The amortisation and any realised gain or loss on disposal of financial liabilities is recognised in the Statement of comprehensive revenue and expense.

Fire and Emergency is exposed as part of its everyday operations to a range of financial instruments, including cash at bank, investments, trade and other receivables, trade and other payables, borrowings, and forward foreign exchange contracts.

Categories of financial assets and liabilities

	2020	2019
	Actual \$000	Actual \$000
Loans and receivables measured at amortisation cost		
Cash and cash equivalents	102,005	119,654
Trade and other receivables	131,543	128,441
Total loans and receivables measured at amortisation cost	233,548	248,095
Financial liabilities measured at amortised cost		
Trade and other payables*	35,974	36,203
Finance leases	4,926	5,940
Borrowings Crown injection payable	56,579	68,490
Other borrowings	-	149
Total financial liabilities measured at amortised cost**	97,479	110,782

* Comparative amount prior to restatement was \$48,219. Adjustment made to exclude Accident compensation as a non-exchange transaction balance.

** Comparative amount prior to restatement was \$122,798.

Financial instrument risks

Fire and Emergency has a range of policies to manage its exposure to financial instrument risks (including market risk, credit risk and liquidity risk) and seeks to minimise this exposure. Policies do not allow the organisation to enter into any transactions that are speculative in nature.

Market risk

Interest rate risk

Fire and Emergency is exposed to interest rate risk, which is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Fire and Emergency's exposure to the interest rate risk is limited to call deposits included in the cash and cash equivalents balance. Sensitivity analysis is provided in note 6. The organisation aims to reduce the risk by investing at fixed interest rates with maturities that are in line with the cash requirements of the organisation. The Fire and Emergency New Zealand Act 2017 does not provide for the organisation to enter into hedging transactions and therefore interest rate investments are not hedged.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in exchange rates. Fire and Emergency's currency risk arises when sourcing property, plant and equipment denominated in foreign currency. The organisation enters into foreign exchange forward contracts to manage its foreign currency exposure in relation to supply contracts entered into for the purchase of property, plant and equipment. There was a single \$0.1 million forward foreign exchange contract in place at year end (2019: no contracts).

Credit risk

Credit risk is the risk that a third party will default on its obligation to Fire and Emergency, causing a loss to be incurred. In the normal course of business, the organisation incurs credit risk from trade and other receivables and transactions with financial institutions. The organisation has processes in place to review the credit quality of customers prior to the granting of credit. There is no significant concentration of credit risk arising from trade and other receivables. Due to the timing of its cash flows and outflows, the organisation invests surplus cash with registered banks that have a high credit rating, as required by section 161 of the Crown Entities Act 2004. For each of these, the maximum credit exposure is best represented by the carrying amount in the Statement of financial position. The organisation holds no collateral or other credit enhancement for financial instruments that give rise to credit risk.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Fire and Emergency will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions. The organisation mainly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements. The forecast cash flows are updated on a daily basis and include both known and perceived cash flow requirements.

Contractual maturity analysis of financial liabilities

Fire and Emergency's financial liabilities are analysed into relevant maturity groupings based on the remaining period from year end to the contractual maturity date. The amounts disclosed are the undiscounted contractual cash flows.

2020					
	Carrying amount \$000	Contractual cash flows \$000	Less than 6 months \$000	6-12 months \$000	1-5 years \$000
Creditors and other payables	35,974	35,884	35,884	-	-
Finance leases	4,926	5,570	692	692	4,186
Borrowings Crown injection payable	56,579	58,849	-	13,000	45,849
Other borrowings	-	-	-	-	-
Total	97,479	100,303	36,576	13,692	50,035
2019					
	Carrying amount \$000	Contractual cash flows \$000	Less than 6 months \$000	6-12 months \$000	1-5 years \$000
Creditors and other payables	36,203	36,203	36,203	-	-
Finance leases	5,940	6,955	692	692	5,571
Borrowings Crown injection payable	68,940	71,849	-	13,000	58,849
Other borrowings	149	149	-	149	-
Total*	111,232	115,156	36,895	13,841	64,420
*Comparative amounts prior to restatement			48,216	-	-

23. Capital management

Fire and Emergency's capital is equity (represented by net assets), which comprises accumulated funds, reserves and contributed capital. The organisation is subject to the financial management and accountability provisions in the Crown Entities Act 2004. These provisions impose restrictions in relation to borrowings, the acquisition of securities, issuing guarantees and indemnities, and the use of derivatives. Approval has been obtained from the Minister of Finance in accordance with the Crown Entities Act 2004 for the organisation to enter into derivatives and to maintain committed and uncommitted borrowing facilities at financial institutions. Use of derivatives is confined to currency rate forward contracts used as specified by New Zealand Treasury. The organisation manages its equity as a by-product of prudently managing revenue, expenses, assets, liabilities and risk, and aims for best practice with regard to its operations and financial dealings. This helps to ensure that the organisation effectively achieves its goals and objectives.

24. Related party transactions and key management personnel

The organisation is a wholly owned entity of the Crown. All related party transactions have been entered into on an arm's-length basis. Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions that are no more or less favourable than those that it is reasonable to expect Fire and Emergency would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (e.g. government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Key management personnel compensation

	2020	2019
	Actual \$'000	Actual \$'000
Board members		
Remuneration	197	200
Full-time equivalent members	1.0	1.0
Executive Leadership Team		
Remuneration	2,669	4,215
Full-time equivalent members	7.0	9.3
Operational Leadership Team		
Remuneration	2,283	3,193
Full-time equivalent members	9.0	15.0
Total key management personnel remuneration	5,149	7,608
Total full time equivalent personnel	17.0	22.3

The full-time equivalent for Board members has been determined based on the frequency and length of Board meetings, and the estimated time required for Board members to prepare for meetings. The disclosure of full-time equivalents is a requirement of accounting standard PBE IPSAS 20 Related Party Disclosures. An analysis of Board member remuneration is provided in note 3.

The decrease in costs for key management personnel is due to the high level of costs in the previous year when the Executive Leadership Team was restructured and there were additional staff backfill costs in the Operational Leadership Team.

Other related party disclosures

There are close family members of key management personnel employed by Fire and Emergency. The terms and conditions of employment are no more favourable than Fire and Emergency would offer if there were no direct relationship to key management personnel.

Board members, staff and volunteers at Fire and Emergency who insure their property against the risk of fire pay fire service levies. Levies are payable at the same market rate as for any other member of the public.

Fire and Emergency reimbursed costs and paid grants to volunteer fire brigades of \$6.0 million (2019: \$5.9 million) to support the delivery of fire and emergency services. Volunteer fire brigades independently manage their affairs in coordination with their allocated Chief Fire Officer.

25. COVID-19

COVID-19 has had no material impact on Fire and Emergency's 2020 financial statements. Fire and Emergency is deemed an essential service and operations continued uninterrupted during the COVID-19 alert levels, including the full lockdown period. Safe working protocols were maintained with support staff working remotely where possible, and frontline operators using PPE where appropriate.

Statement of comprehensive revenue and expense

Revenue

The main impact on Fire and Emergency is expected to be a reduction in levy payments due to reduced insurance cover, payment default and/or payment deferrals. Due to a two-month time lag between insurance contracts being agreed and levy payments being received by Fire and Emergency, COVID-19 did not impact on revenue in the 2019/20 financial year.

Expense

Due to the majority of costs being personnel-related and operations being largely unaffected, COVID-19 has not significantly impacted operating costs in the 2019/20 financial year. Identified variances due to COVID-19 against budget were:

Total other expenses

Refer note 5. These were \$6.9 million lower than budget (2020 Actual: \$159.0 million; Budget \$165.9 million) due mainly to rephasing of Integration Programme projects and to reduced travel costs as a result of COVID-19.

Depreciation

Refer note 10. A minor reduction in depreciation charge resulted in a lower than planned net capital spend due to delays caused by COVID-19.

Statement of financial position

Fire and Emergency has considered the impact of COVID-19 on the valuation of the assets and liabilities at 30 June 2020. Based on the information available at the time of preparing these statements, COVID-19 has had no material impact on the Statement of financial position:

Cash management

Refer note 6. To address unanticipated cash impacts of COVID-19, Fire and Emergency has established an unsecured short-term cash advance facility, which remained unused in the 2019/20 financial year.

Capital spend

Refer note 10. This was \$18.5 million lower than budget (2020: Actual \$99.3 million; Budget \$117.8 million) due to delays caused by COVID-19.

Statement of cash flows

The COVID-19 impact on the Statement of cash flows was primarily a reduction in spending when compared to budget.

Cash flows from operating activities

Payments to suppliers for goods and services were \$58.8 million lower than budget, offset by payments to employees and volunteers which were \$33.1 million higher than budget, resulting in these payments in total, reduced by 25.7 million. This change in planned spending reflects the travel restrictions, suspended non-essential supplier activities and affected extended procurement timeframes. In contrast, internally managed staffed projects were able to continue during the pandemic lockdowns.

Cash flows from financing activities

Purchase of property, plant and equipment was \$22.2 million lower than budget, on building projects, fleet components and operational equipment due to delays caused by COVID-19.

Net proceeds/repayments of Crown funding injection was \$19 million lower than budget due to higher priority COVID-19 pandemic matters delaying the Crown consideration of the final instalment of funding related to the Integration programme.

Cash and cash equivalents at end of year

This balance is higher than budgeted due to the reduced spending.

Post-30 June 2020 balance date

The COVID-19 pandemic started to impact New Zealand in March 2020 and is expected to continue well into the 2020/21 year. The main impact on Fire and Emergency is expected to be a reduction in levy payments due to reduced insurance cover and/or payment default. There may also be deferral of payments in line with insurance companies offering extended payment terms. The impacts on levy payments in the 2019/2020 financial year have been mild because levy receipts occur two months after acceptance of insurance. The 2019/20 accounts therefore only include reduced levies received in June. Based on actual levy receipts for the three months from June to August 2020, the impact could be a reduction of up to 7 percent. We are developing plans to reduce costs to offset these impacts in the coming financial year.

26. Post-balance date events

On 14 July 2020, the Minister of Internal Affairs and Minister for Regional Economic Development announced a funding boost of over \$50 million for rebuilds and upgrades for fire stations with \$12 million specifically allocated to the Christchurch City Station. This additional funding for property projects comes after the organisation's successful bid to the Government's Provincial Growth Fund and the Crown Infrastructure Partners project funding. This funding assists Fire and Emergency to accelerate work under the national Capital Works Programme, which is focused on making sure that our facilities are fit for purpose.

Note 25 (COVID-19) discusses the impact of COVID-19 since 30 June 2020.

There were no other significant events after the balance date.

Governance

Te mana whakahaere

A YEAR IN REVIEW

OUR STRATEGY

OUR PERFORMANCE

OUR FINANCIALS

GOVERNANCE

GLOSSARY



Our Board

Tō Mātou Poari

Members of the Board of Fire and Emergency are appointed by the Minister of Internal Affairs having regard to criteria set out in both the Crown Entities Act 2004 (as amended in 2013) and the Fire and Emergency New Zealand Act 2017.

The Board members are:



**Hon. Paul Swain, QSO
(Chair)**

April 2016 – present

Paul was initially appointed as the Board's Chair in April 2016 for a three-year term after leading the independent review of the New Zealand Fire Service in 2012, which resulted in a call for reform. He was reappointed in June 2019 for a further two-year term.

His parliamentary career spanned 18 years, during which time he held several ministerial portfolios, including State-Owned Enterprises, Corrections and Immigration. He was also a negotiator in Waitangi settlements and a Greater Wellington Regional councillor.

Paul was made a Companion of the Queen's Service Order (QSO) in 2009.

Organisational committees:

- Member – Audit and Risk Committee
- Member – Remuneration Committee.

Declaration of interests:

- Chair – New Zealand Utilities Advisory Group
- Principal – Paul Swain Consulting
- Trustee – Hutt Mana Charitable Trust
- Shareholder – Hutt and City Taxis.



**Rebecca Keoghan, MNZM
(Deputy Chair)**

June 2019 – present

Rebecca was appointed Deputy Chair of the Board for a three-year term in June 2019. She has a wealth of experience both at executive and governance level which includes experience as a company director with a leadership and health and safety focus. In 2018 she was recognised as a rural Woman of Influence. In 2016, she was Fonterra's Dairy Woman of the Year. Rebecca was made a Member of the New Zealand Order of Merit in 2017.

Organisational committees:

- Member – Remuneration Committee
- Member – Health, Safety and Wellbeing Committee.

Declaration of interests:

- Director – Keoghan Farm Limited
- Director – Gravity Dance Studio
- Chair – Tai Poutini Polytechnic
- Member – Judicial Control Authority.



Te Arohanui Cook

April 2016 – present

Te Aroha was first appointed to the Board in April 2016 for a three-year term, bringing significant engagement with rural fire at both an operational level and through her involvement in rural fire training. Te Aroha was reappointed for a further term of three years starting July 2018.

Organisational committees:

- Member – Audit and Risk Committee
- Member – Remuneration Committee
- Member – Health, Safety and Wellbeing Committee.

Declaration of interests:

- Director/Shareholder – Phoenix Ventures Waipukurau Ltd
- Regulatory Service Manager – Westland District Council.



Malcolm Inglis

July 2018 – present

Malcolm was appointed to the Board on 1 July 2018 for a three-year term. He is a Chartered Accountant with significant experience in the state sector including large-scale organisational and sector change. He has held several governance roles on Crown Entity Boards and Councils.

Organisational committees:

- Chair – Audit and Risk Committee
- In attendance – Remuneration Committee.

Declaration of interests:

- Volunteer – Whanganui LandSAR Group
- Director/Shareholder – Inglis and Broughton Limited.



Wendie Harvey

July 2018 – present

Wendie was appointed to the Board on 1 July 2018 for a three-year term. She holds several senior governance roles including directorships of Hawke's Bay Airport, Centralines, Aurora Energy and Eastland Group. Wendie has extensive experience in state sector governance, organisational change, employment relations and risk management.

Organisational committees:

- Chair – Remuneration Committee
- Chair – Safety, Health and Wellbeing Committee.

Declaration of interests:

- Director – Excellence in Business Solutions Limited
- Commissioner – New Zealand Gambling Commission
- Director – Centralines Limited
- Director – Electrical Training Company Limited
- Director – Hawke's Bay Airport Limited
- Director – Aurora Energy Limited
- Chair – Hawke's Bay Airport Construction Limited
- Director – Eastland Group Limited.



Gwen Tepania-Palmer

October 2019 – present

Gwen was appointed to the Board in October 2019 and brings a wealth of experience to Fire and Emergency. With a background in nursing, Gwen has been a driving force in the development and expansion of Māori health initiatives and sits on several health sector boards.

Gwen holds a Master of Business Administration, Certificate in Health Economics and a Certificate in Company Direction from the Institute of Directors. Her tribal affiliations are Te Aupōuri, Ngāti Kahu and Ngāti Pāoa Tainui.

Organisational committees:

- In attendance – Remuneration Committee.

Declaration of interests:

- Chair – Ngāti Hine Health Trust, Kawakawa
- Member – Lottery Waikato Community Committee
- Director – Hauora Whānui Limited.

Board and committee meeting attendance

Board member	Board*	Audit and Risk Committee	Remuneration Committee	Finance and Investment Committee	Safety, Health and Wellbeing Committee
Paul Swain	18	3	4	2	3***
Rebecca Keoghan	18	1***	4		3
Te Arohanui Cook	16	3	4		3
Wendie Harvey	18		4	2	3
Malcolm Inglis	17	3	4	2	
Gwen Tepania-Palmer	13**		1***		
Peter Taylor		3			
Brian Monk				2	

* In addition to holding 11 regular Board meetings, the Board met five times to consider the impact of COVID-19 and a further two times to consider appointments to Local Advisory Committees.

** Joined the Board in October 2019.

*** Not a member of the Committee.

Board meetings

The Board operates under the Crown Entities Act 2004. The Board ended the year with three standing committees (the Finance and Investment Committee was disestablished after its 19 December 2019 meeting). All meetings and attendance are outlined in the table above.

Remuneration of the Board and Committee members

Full details of Board and Committee members' remuneration are set out in note 3 (page 75) of the notes to the financial statements.

Conflicts of interest

All Board members must disclose any conflicts of interest.

All interests are outlined on pages 104–105.

Committees of the Board

Audit and Risk Committee

The Audit and Risk Committee helps the Board meet its responsibilities for financial reporting, external audit, legislative compliance and internal audit. The Committee makes sure the management has an appropriate risk management framework. The Committee was chaired by Malcolm Inglis, and members were Te Aroha Cook, Paul Swain and an independent member, Peter Taylor.

Remuneration Committee

The Remuneration Committee supports the Board in meeting its responsibilities for recruitment, remuneration and performance-setting for the Chief Executive. The Committee was chaired by Wendie Harvey and members were Rebecca Keoghan, Paul Swain and Te Aroha Cook.

Finance and Investment Committee

The Finance and Investment Committee helped the Board meet its responsibilities for ensuring that Fire and Emergency operated in a financially responsible manner, including finance planning, investment management and benefit measurement. The Committee was chaired by independent member Brian Monk and members were Paul Swain, Wendie Harvey and Malcolm Inglis. The Committee was disestablished during the year.

Safety, Health and Wellbeing Committee

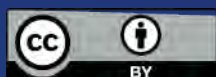
The Safety, Health and Wellbeing Committee helps the Board meet its responsibilities in respect to the safety health and wellbeing requirements of the Health and Safety at Work Act 2015. The Committee was chaired by Wendie Harvey and members were Te Aroha Cook and Rebecca Keoghan. The Committee was established during the year.

Glossary

Kuputaka

ACC	Accident Compensation Corporation	NGCC	Next Generation Critical Communications
ACCPP	ACC Partnership Programme	NHQ	National Headquarters
AEP	Accredited Employers Programme	NWACs	National Women's Advisory Committees
AFAC	Australasian Fire Authorities Council	NZ GAAP	New Zealand Generally Accepted Accounting Practice
AMS	Availability Messaging System	ODRC	Optimised Depreciation Replacement Cost
AoG	All-of-Government	PBE	Public Benefit Entity
BCO	Behaviour and Conduct Office	PFAs	Per- and poly-fluoroalkyl substances
CIMS	Coordinated Incident Management System	PMF	Performance Measurement Framework
DOC	Department of Conservation	PPE	Personal Protective Equipment
DIA	Department of Internal Affairs	QSO	Queen's Service Order
ELT	Executive Leadership Team	OSU	Operational Support Unit
EMAT	New Zealand Emergency Management Assistance Team	RFFF	Rural Firefighting Fund
FAIP	Fire Awareness Intervention Programme	RWANs	Regional Women's Advisory Networks
GPS	Global Positioning System	SAMP	Strategic Asset Management Plan
GST	Goods and Services Tax	SDCC	Service Delivery Coordination Centre
HFSVs	Home Fire Safety Visits	SDLT	Service Delivery Leadership Team
ICT	Information and Communications Technology	SITE	Shared Information Technology Environment
IFRS	International Financial Reporting Standards	SOI	Statement of intent
IGC	Incident Ground Command	SPE	Statement of performance expectations
INSARAG	International Search and Rescue Advisory Group	TAs	Territorial Authorities
IPSAS	International Public Sector Accounting Standard	UFBA	United Fire Brigades' Association
LACs	Local Advisory Committees	USAR	Urban Search and Rescue
LDF	Leadership Development Framework	WFENZ	Women in Fire and Emergency New Zealand
MNZM	Member of the New Zealand Order of Merit	XRB	External Reporting Board
NEMA	National Emergency Management Agency		

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