



He Tuhinga
Whakarāpopoto ki te
Minita Hou

Briefing to the Incoming Minister

Minister of Internal Affairs
December 2023

Rārangi upoko

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Tēnei te reo tāwhiri o te Hea Welcome from the Chair



Whakatau mai rā ngā manaakitanga o te kāhui atua, o te kāhui tupuna kia noho houkura ai te taiāo kia noho haumarū ai te tangata whakatau mai rā ngā ūaratanga ki te pae ngākau, ki te pae hinengaro o te Kāhui Ratonga Ahi me ngā ohotata i Aotearoa ko te 'Tika' ko te 'Manaakitanga' ko te 'Whanaungatanga' ko te 'Auahatanga' hei orangatonutanga mō te kāhui whānui tonu tihei mauri ora!

Let us be guided by the care and wisdom of the deities and ancestors to create and maintain environments that flourish to protect and build communities that thrive, let these core values be embedded in the hearts and minds of Fire and Emergency New Zealand, 'we do the right thing', 'we serve and support', 'we are better together', 'we strive to improve', for the long-lasting safety of all let there be life!

On behalf of the Fire and Emergency New Zealand Board, I would like to congratulate you on your appointment as Minister of Internal Affairs.

This year has been a challenging one for many New Zealanders in the face of events like Cyclone Gabrielle. The Board is incredibly proud of the service our people provided to their communities, from managing response and carrying out rescues through to providing amenities for some of those who lost their homes. Just a few months later, the Loafers Lodge fire demonstrated again the outstanding dedication and skill that our people bring to their mahi, while acknowledging the sad loss of life and those left homeless by the tragedy.

Our Fire and Emergency whānau suffered the loss of two of our own at Muriwai, a loss that continues to be an awful reminder of the risks our firefighters can be exposed to on any given day. Our thoughts continue to be with the whānau and friends of Dave van Zwanenberg and Craig Stevens, our Muriwai Brigade, the Muriwai community and those who were involved in the search and rescue operation. Work is underway to address recommendations from the independent investigation we commissioned to ensure we could learn from this event and reduce the risk of something like it happening again.

We are also progressing towards the long-term workplace culture change needed to ensure a positive work experience for our people – an absolute priority for both the Board and ELT. We recently published our first six-month progress report for our Eke Taumata work programme, established in response to the Te Kawa Mataaho Public Service Commission's Independent Review of our Workplace Culture and Complaint Handling Practices released in December 2022.

This document provides you with an overview and discussion of Fire and Emergency's strategic context and outlines upcoming milestones, key decisions and key areas of work. It is accompanied by a 'Welcome to Fire and Emergency' document (Appendix 3), which contains a general overview of our structure, values, strategy and operations.

Both documents support the briefing provided to you by the Department of Internal Affairs (DIA) as our monitoring agency and the department responsible for policy advice on fire and emergency services.

In the past, the Board Chair has had six-weekly meetings with the Ministers of Internal Affairs. These are usually attended with our Chief Executive and the Board Secretariat. The Board also provide quarterly performance reports.

I look forward to meeting with you in due course to discuss how you would like to work together, along with your priorities and any of the information presented to you in this briefing.

— Rebecca Keoghan Chair

Tēnei te whaikupu o te Tumu Whakarae Statement from the Chief Executive



Tēnā koe, Minister.

Mahia te mahi hei te painga mō te iwi
Do the work for the betterment of the people
(Te Puea Hērangi)

The whakataukāki above reminds us that our communities are at the heart of everything Fire and Emergency does. Fire service organisations have protected life, property and the environment in Aotearoa New Zealand communities for over 150 years.

We are New Zealand's trusted fire authority and emergency responder

Fire and Emergency is a highly trusted public sector team of over 14,500 people, providing fire and emergency services to support communities across Aotearoa to protect and preserve what matters – lives, property and the environment.

As well as responding to fires in the built and natural environment, and preventing unwanted fires through regulation and evidence-based fire safety education and prevention work, we provide emergency first response for urban search and rescue, chemical spills, car accidents, medical emergencies, natural disasters, and severe weather events.

As Aotearoa New Zealand's national fire authority, we act on regulations, set standards, issue approvals and permits, and enforce compliance with those regulations and standards.

Our career and volunteer firefighters are based in communities across the country, maintaining a continuous state of readiness so they can deliver our services including responding to fire and non-fire emergencies whenever they are needed. Our education and risk prevention specialists at national headquarters and in our regions help reduce the likelihood of communities having to deal with preventable emergencies in the first place.

Our leadership team are incredibly proud of how all of our people deliver for communities, especially so for their response during this year's unprecedented severe weather events. From first responder rescues and evacuations, to working proactively with emergency management partners to coordinate and deploy additional resources, events like Cyclone Gabrielle help demonstrate our value to our communities.

Communities are expecting more of us...

We are at a crossroads in our evolution as an emergency services provider.

There is a growing expectation from communities that we prepare for and respond to a range of emergencies wider than our 'core business', to meet the country's near-term challenges and communities' changing needs. This requires new levels of training and equipment. At the same time, we need to address the legacy of ageing fire stations and appliances, inherited through the formation of Fire and Emergency New Zealand, that are in various conditions and fitness for purpose.

The nature of emergencies is changing. Severe weather events, exacerbated by climate change, are the new normal and our latest science tells us that a catastrophic event (such as an Alpine Fault earthquake or Hikurangi subduction zone earthquake and tsunami) will very likely happen - if not in our lifetime, then in that of our children.

We are also seeing long-term changes to where and how our population lives, which in turn is changing how we need to prevent, plan for, train for and respond to fire. Urban intensification, building construction, building use changes, creating access for emergency services, and evacuation requirements increase the workload of our building safety teams. Increasing numbers of people relocating and holidaying close to wilderness areas increases vegetation fire risk. New uses for lithium-ion battery technology are also creating a new breed of fire risk.

There is growing pressure and demand on the emergency management system's ability to respond and recover from emergencies, especially as the scale and frequency of emergency events increases. Only a shared approach between central and local government, the wider public and support from our international partners will help us deal with these events – a collective approach to a collective problem. This means it is important that we, as a government agency, understand our role within the emergency management system.

...and our legislation does not accurately reflect this expectation

The Fire and Emergency New Zealand Act 2017 (the Act) splits our functions into main (s11) and additional (s12) functions, with response to the latter being conditional on having the capacity and capability to respond without impacting our ability to respond to s11 emergencies.

Communities do not make this distinction. Natural disaster, severe weather and medical emergencies account for an increasing percentage of our callouts and our communities rightfully have high expectations of us to respond in any emergency. Our people will continue to do so with willingness and dedication whenever their communities ask them to.

Our funding model is also mismatched to these needs

Meeting community expectations means ensuring we have the resourcing, skills and equipment available to respond to emergencies such as medical emergencies and flooding, while also maintaining our ability to respond to fires, transport accident rescues, etc. This includes being able to respond to concurrent major events, as would have been required had wildfires broken out in the South Island while Cyclone Gabrielle was affecting the North.

The intention of the Act when passed was to fund this expanded range of functions through a levy on insurance policies covering material damage (loss or damage to physical assets). Subsequent changes introduced by the Fire and Emergency New Zealand (Levy) Amendment Act 2023 restrict the levy to vehicle policies and policies insuring property against fire. However, non-fire functions such as Urban Search And Rescue (USAR) and hazardous substance incidents are also being funded through this fire levy system.

In practice, the levy provides almost 100% of our funding. However, the split of functions and the limitation on levied policies are complicated to explain to the insurance industry and policyholders. Recent levy consultation feedback tells us there is an ongoing sense of inequity that policyholders are paying for services unrelated to their insured property, and subsidising those who pose a higher risk, take a first-loss approach (take insurance cover for a sum less than the total value of their property), or self-insure (do not insure at all). For more about the levy, see **Appendix 1: How we are funded**.

Aside from levy revenue, we receive a \$10m annual appropriation for 'Public Good Services' from Vote Internal Affairs, to "achieve recognition of the Government's contribution towards public good services that are unrelated to property or motor vehicle insurance."¹ While being able to perform our non-fire main and additional functions depends on much of the same 'readiness overheads' (personnel, fleet, capital infrastructure) required for our fire-related main functions, this appropriation does not reflect the true costs of training, specialised capability and equipment, or costs on the community through the provision of volunteers needed to respond to those non-fire emergencies.

We invest significantly in our ability to deliver...

Fire and Emergency holds cash balances and is conservative in forecasting the levy income we need to maintain those balances, as they are key to managing over \$1.7 billion of assets that are essential to the delivery of fire and emergency services across Aotearoa. We invest around \$43 million each year on deferred maintenance and \$84 million on refreshment or replacement of our fleet, property, ICT and equipment. Maintaining and replacing these assets is a key priority for us, to enable our people to respond safely and effectively for our communities.

...and there is a \$900 million shortfall in the investment required over the next 20 years

In 2020 we developed a Strategic Asset Management Plan and, subsequently, a supporting financial model. This model estimated that an investment of \$2.9 billion over 20 years would be required to lift our assets to a base standard by addressing deferred maintenance. At the time, this represented a \$900 million shortfall.

Since then, the Building Act has been updated, requiring greater seismic resilience of our property portfolio to ensure we can operate as an emergency service. As more is known about the condition of our assets and their maintenance needs, renewals and replacement, it is likely that the forecast timelines to address these challenges will reduce and the figures above will be reassessed in the context of the services we must deliver.

Our industrial environment is complex...

We must work closely with the unions and associations that represent our workforce, both paid and volunteer. A highly unionised industrial environment is normal for fire services across the world, but can mean it's not always straightforward to get things done. Engaging with these organisations is much broader than negotiations about pay and conditions; every significant project requires their involvement as a partner organisation.

Our relationship with the NZ Professional Firefighters Union that represents career firefighters has suffered as a result of the significant organisational change experienced during the formation of Fire and Emergency, and the collective agreement negotiations and industrial action that took place in 2022. We are working to rebuild this relationship, and have seen some positive engagement with them through projects this year. We have also recently signed a new collective agreement with the Fire and Emergency Commanders Association, focused on development and advancing strategic goals.

...and we face unique challenges to retain the workforce we need

Without volunteers, Fire and Emergency could not deliver effectively for our communities. Volunteer firefighters serve across almost all of New Zealand in 597 of our stations across the country: urban volunteer, rural volunteer, and composite stations that are crewed by both career and volunteer brigades. Volunteer stations record lower annual call-out volumes relative to career and composite stations, but their call-out volumes can vary considerably, both geographically and month to month. Having crews trained and ready to respond is itself a vital service to these communities, and the Brigade presence also provides a sense of reassurance to many communities that become isolated in emergency incident conditions.

However, volunteerism is not a free service to the economy or to Fire and Emergency. We incur costs to manage, train, equip and support our volunteers, and the lost labour cost incurred by the businesses our volunteers own or work for is creating economic pressure on those businesses. As a result of this, and also volunteers working away from their home community, we are seeing shortages in volunteer cover for our daytime shifts.

It is a continuing challenge to recruit and train enough firefighters to keep our stations fully crewed, and we continue to experience crewing challenges through increased career firefighter absences due to sickness. Additional salary overtime costs were considerably higher this year in order to provide the required cover.

In closing

We are firmly focused on being prudent and efficient with New Zealanders' money, while ensuring we can continue to deliver the services they expect from us without compromising the safety of our people. This requires a wider strategic approach to investment and funding, along with choices for the Government about the future role it wants each emergency service agency to play and the extent of emergency management services that New Zealanders are willing and able to fund.

This briefing document sets out these and other challenges in more detail. I look forward to an opportunity to discuss these with you at the appropriate time.

— **Kerry Gregory Tumu Whakarae** – Chief Executive

¹ See The Estimates of Appropriations 2023/24 – Finance and Government Administration Sector B.5 Vol.4, p126

Mō mātou

About us

Fire and Emergency New Zealand was established on 1 July 2017 to unify all fire services across Aotearoa New Zealand in a single organisation with the critical mass to respond quickly and effectively to the new challenges posed by climate change, a growing population and changes in the way we live.²

We are a Crown entity, governed by a Board of Directors and accountable to you as the Minister of Internal Affairs under the Crown Entities Act 2004 and our empowering legislation, the [Fire and Emergency New Zealand Act 2017](#) (the Act).

Our strategy and accountability documents are located on our website: [About Us > Key documents](#)

Like government departments and ministries, we are guided by the “no-surprises” principle set out in the Cabinet Manual. This means that we will keep you informed of matters of significance, particularly when those matters may be controversial or may become the subject of public debate.

We administer the Act, which describes our kaupapa (purpose) to protect and preserve lives, property and the environment, and our key outcomes (the contribution we make to communities as part of the emergency sector): fewer unwanted fires and reduced harm to people, property and the environment from fires and emergencies.

We work with communities to help them prevent and prepare for unwanted fires, and respond to fire and other emergencies.

As a general overview, our main functions are:

- delivering fire prevention, response and suppression services
- responding to hazardous substances incidents
- rescuing trapped people as a result of traffic or other incidents
- undertaking urban search and rescue, and
- promoting fire safety and providing guidance on the safe use of fire as a land management tool.

Our additional functions include a wide array of emergency response functions, such as responding to medical emergencies, severe weather, natural hazard and disaster events – including internationally, when requested.

Our role in emergency management

We are New Zealand’s largest emergency response organisation, with a workforce of over 14,500 people and 643 fire stations across the country. This is similar in size to NZ Police and the New Zealand Defence Force (NZDF). The difference is that most of our personnel (nearly 12,000) are volunteers.

We work across Aotearoa’s emergency management sector in every region and at a number of levels. Our ‘always on’ status through the 111 system means we are the first avenue of recourse in many emergencies outside of law and order.

Fire and Emergency maintains specialised incident management and response capability in the form of our ‘Heavy’ USAR teams based in Palmerston North, Christchurch and Auckland. Our USAR teams have specialised training and equipment to respond quickly to structural collapses in urban areas, both nationally and internationally. Their search and rescue skills and equipment are also repurposed to provide support in weather-related events, natural hazard events and disasters such as earthquakes, major vegetation fires, and heavy transport accidents.

Our response capability is supported by:

- Communication Centres (ComCen) that provide the essential link between the community and our operational units via the 111 system
- a National Response Plan, activated where there is an incident or event of sufficient scale, complexity, or significance to warrant drawing resources from outside of the local area
- a National Coordination Centre (NCC) that maintains situational awareness of emerging national or international events. Alongside the NCC, we have five Region Coordination Centres (Auckland, Tauranga, Wellington, Christchurch, and Dunedin) and a number of Local Coordination Centres
- people who are trained and qualified in CIMS (Coordinated Incident Management System) who can be nominated to be part of NEMA’s Emergency Management Assistance Team (EMAT)
- during larger events, personnel are embedded in the government’s National Crisis Management Centre (NCMC) and NEMA’s Emergency Coordination Centres, and we connect into the Officials’ Committee for Domestic and External Security Coordination (ODESC) as part of the government’s National Security System when these are activated.

In major events, this capability combines to enable our emergency management sector colleagues to mobilise while we manage the initial stages of response. Outside of major events requiring local or wider emergency management activation, we are generally the lead agency by default.

Fire and Emergency recognises there may be opportunity to use our USAR technical rescue and specialised deployment skills to support other situations, by continuing to maintain and enhance our capacity to provide operational support to NEMA and MFAT. Industrial action impacted our ability to complete the USAR annual exercise during 2022/23. A significant reassessment of our USAR capability will take place in May 2024. Our international classification has been extended until this exercise can be completed; we will keep you informed of the outcomes.

Please refer to the ‘Welcome to Fire and Emergency’ document (Appendix 3) for more detail on our role in emergency management.

Our role as regulator — NZ’s national Fire Authority

In general terms our role in the regulatory space is to both:

- set standards, issue approvals and permits, and
- enforce compliance with those standards (primarily by infringement notices or the prosecution of offences under the Fire and Emergency Act).

Additionally, we have a policy function. One example of this is that, as part of our risk reduction activity, we seek to influence relevant fire safety standards and public policy formulation at national and local government level. DIA leads major legislative work on fire policy.

Our inspectors are appointed under the Fire and Emergency Act and have a wide range of legal powers. While this may be undertaken for the purposes of pre-incident planning, assessing compliance or post-incident analysis, the most common way this is undertaken is through specialist fire investigations.

However, there are limited levers available to effect meaningful behaviour change. The Act lacks meaningful levers to apply enforcement for non-compliance, for example with evacuation schemes. It is also impossible to inspect every property as a prevention measure, due to priority of resourcing.

² A comprehensive list of government decisions and related documents can be found on the DIA website: [dia.govt.nz/Fire-Services-Review](#)

Our role in wider risk reduction

In addition to our fire prevention risk reduction activity under the Act, we also have a wider risk reduction role found in other legislation and established practice. This includes:

- other government agencies are required under other legislation to seek Fire and Emergency's approval before they make certain statutory decisions e.g. being consulted on changes to relevant fire bylaws and certain matters of compliance with the Building Act 2004
- other legislation may expressly state that another government agency may consult with Fire and Emergency before they make certain statutory decisions e.g. when they consider exemptions under their legislation, and
- consultation with Fire and Emergency may voluntarily be sought by others who are carrying out other legal processes e.g. being consulted, as needed, by local or regional authorities in the development of local district or regional council plans.

However, as a Crown entity we sit outside the government 'beltway', which impacts our wider risk reduction role and ability to influence safety-focused regulation, such as the Building Code. We work hard to ensure we are involved in discussions and planning that could impact public safety or our service delivery – but we rely on organisations thinking to include us if we're unaware of review work taking place.

Our assets

Fire and Emergency is a capital-intensive organisation.

The value of the assets currently under management is about \$1.7 billion, of which \$1.36 billion comprises land, buildings, fire appliances and equipment. Fire and Emergency maintains one of the largest fleets of commercial vehicles in the country, with more than 1,280 fire trucks and specialist response vehicles.

In 2022/2023, we invested \$72.8 million in fire stations, fire appliances, motor vehicles and other assets. This was \$15.3 million below budget, as a result of delays caused by flooding and logistics and supply chain delays caused by the general economic environment, and includes the balance of the investment funded from the CRRF to rebuild and upgrade 26 fire stations.

27% of our appliances are beyond their target asset life (of 20 to 25 years) and 27% of our stations are more than 50 years old. The age of buildings does not necessarily determine their fitness for purpose, but the functionality of about 36% of our stations has been assessed as poor or very poor.

Capital expenditure needed over the next 20 years is expected to total circa \$2.9 billion, subject to available funding. Further information is provided on these investments and the work underway on options for funding future investment in capital assets (see **Key areas for your focus – Capital investment**).

Tā mātou tauāki paiherenga ki te Māori Our commitment to Māori

Māori communities are key partners and important stakeholders in Fire and Emergency's work.

Māori communities are overrepresented in the rates of fire-related injuries compared to non-Māori, and that needs to change. Iwi and Māori are community leaders with an important role to play in preventing fires and other emergencies, building community resilience, informing and delivering emergency response, and supporting community recovery. As significant land, forest and business owners, iwi are also critical in effective risk reduction.

In 2022 our Kaupapa Māori and Cultural Communities Branch was established to lead development of Fire and Emergency's capability to work effectively with Māori and to support our people to better serve cultural communities across Aotearoa generally.

We are committed to working with Māori to contribute to a safer environment for all communities. Doing this requires us to engage in culturally effective ways and to strengthen our cultural capability, diversity and inclusiveness so that we better reflect and engage with the communities we serve.

We do this by engaging with iwi as community leaders and major property owners; promoting kaupapa Māori (knowledge and values) and the use of te reo Māori throughout our workplace and communications; and incorporating tikanga Māori. A Kaupapa Māori approach makes a valuable contribution to fostering a distinct operational style within the organisation. It plays a pivotal role in ensuring that the organisation reflects the communities it serves, and in achieving a positive cultural transformation.

Our Kaupapa Māori and Cultural Communities Branch will also support our people to better understand and address the unique needs and perspectives of other cultural communities across Aotearoa New Zealand. The establishment of the Branch was cited as a positive initiative during the Te Kawa Mataaho Public Service Commission's independent review of our workplace culture and complaint handling practices.

Mahi tahi

Key partnerships

Operational Service Agreements and Memoranda of Understanding

We have key partnerships with the Department of Conservation (DOC), New Zealand Defence Force (NZDF), NEMA, major forestry owners and other land management agencies. These partnerships allow us to request resource and support, including firefighters, from these organisations during large and complex incidents. Our Operational Service Agreement with DOC also currently allows for cost recovery for fires that start on DOC land.

National emergency management

The increasing number of extreme hazard events has underscored the need for a collaborative emergency management approach across the emergency management system. To support this, Fire and Emergency is a member of and supports the Emergency Services Leadership Board (ESLB) chaired by the NEMA Chief Executive. Members also include the chief executives, or their delegates, of New Zealand Police, New Zealand Defence Force, Ministry of Health, Hato Hone St John and Wellington Free Ambulance.

The ESLB's purpose is to provide sector leadership on collective issues for faster and more effective responses and recoveries to emergencies, to provide a sector voice on common issues, and to leverage agency workstreams for sector outcomes. The ESLB is supported by a number of cross-agency working groups that work together to share best practice and develop work programmes to deliver outcomes for the emergency management system.

The ESLB is now well established and is a strong mechanism for sector collaboration. This provides an opportunity to establish a Sector Ministerial Group, which aligns with other nations. In 2020, Australia's National Cabinet agreed to the establishment of the National Emergency Management Ministers' Meeting, which facilitates cooperation and consistency on enduring strategic issues in emergency/disaster management and resilience.

It also addresses emerging issues requiring cross-border collaboration and performs policy and standard setting functions. This may include cross-portfolio issues, such as building, planning, land management, infrastructure, communications, data and digital, health, science, research, environment and education. Further advice on this matter can be provided if required.

Adjacent to the emergency management system, the NZ Search and Rescue (NZSAR) system provides for the operational co-ordination of SAR operations, either locally (via NZ Police) or nationally (via Maritime NZ's Rescue Coordination Centre).

NZSAR Council membership is drawn from the government agencies that have various SAR management or coordination roles: the Ministry of Transport, New Zealand Police, Fire and Emergency New Zealand, New Zealand Defence Force, Maritime NZ, the Civil Aviation Authority, and the Department of Conservation.

Local community planning and response

We have strong, effective working relationships with others, including New Zealand Police, Kāinga Ora, ambulance services, forestry companies, land managers (for example, through regular national and regional land management forums), and many local authorities. We also have important local and regional relationships with local authorities, iwi, our Local Advisory Committees, community groups and, in some cases, private or commercial enterprises that have firefighting resources we are able to call on by agreement.

International emergency management

Fire and Emergency has strong international relationships and agreements through the following agencies, which enable wildfire deployments to and from Australia, the United States (US) and Canada:

- Australian and New Zealand National Council for Fire and Emergency Services (AFAC)
- Canadian Interagency Forest Fire Centre
- US Department of the Interior
- US Department of Agriculture

Fire and Emergency is a member of AFAC, which supports the fire and emergency services sector to create safer, more resilient communities; drives consistency through collaboration, innovation and partnerships; and delivers enhanced capability by developing doctrine and supporting operations. Fire and Emergency's Chief Executive Kerry Gregory is a member of the AFAC Board and represents New Zealand.

New Zealand is also a member of INSARAG (the International Search and Rescue Advisory Group housed within the United Nations), the international standard setting body for USAR. This year, Aotearoa New Zealand has been the Asia/Pacific Region Chair – a role shared between Fire and Emergency (operational, as the lead agency for USAR) and MFAT (political) on behalf of New Zealand. Our role as Chair has been to ensure our Pacific neighbours are well supported.

Insurance industry

The Fire and Emergency levy is collected and paid to us by insurers or insurance intermediaries (brokers) operating in New Zealand, or paid direct to us by holders of policies from non-New Zealand insurers. The general insurance industry in New Zealand is represented by two peak bodies: the Insurance Council of New Zealand – Te Kāhui Inihua o Aotearoa (ICNZ) and the Insurance Brokers Association of New Zealand (IBANZ). Together these organisations help us ensure the insurance industry understands and complies with the levy payment process; is aware of and proactively engaged in any proposed changes to levies; and is able to implement levy changes in their systems in time to meet legislated implementation dates.

Strengthening this relationship is a key priority for us. We use our own incident data to ensure our levy setting approach aligns with the key drivers of our costs, and to better apportion those costs to the property types involved in incidents. Policy and property type data from the insurance industry would greatly improve the levy setting process. Continuing to build a constructive relationship with these organisations is key to determining how we can best apply the levy across and within different categories of insured property to meet the principles in section 80 of the Fire and Emergency Act.³

³ See <https://www.legislation.govt.nz/act/public/2017/0017/latest/DLM6888261.html>

Tō tatou horopaki rautaki

Our strategic context

With 643 fire stations, Fire and Emergency has a presence in most New Zealand communities. Our ~1800 career firefighters are based at 44 career stations and 36 composite stations (jointly crewed by career and volunteer firefighters) in larger population centres. Our ~11,830 volunteers operate mostly out of 561 rural, provincial and smaller urban centre stations. Management and support staff are based at National Headquarters in Wellington, regional and district offices around the country, our National Training Centre in Rotorua, and our Communication Centres in Auckland, Wellington and Christchurch.

In July 2023 we were named as the most trusted public sector agency in Kantar's Public's annual Public Sector Reputation Index survey – for the eighth year in a row. Fire and Emergency was the highest polling agency across the public sector in all four categories: Trust, Social Responsibility, Fairness and Leadership. Our personnel are highly skilled, committed and respected, and it is through them that our communities trust us to be there for them.

Our network of stations has evolved since brigades first began forming, as early as the 1850s. This has enabled us to provide first response capability in almost every community, and has seen our firefighters respond to a much wider range of emergencies and incidents than was originally envisaged – quite often as the only responders. But this has, in turn, led to an expectation that our people will always be ready and able to respond safely and effectively – an expectation that is getting harder to meet as we face the challenges of a changing environment, firefighter shortages and constrained ability to invest in ageing infrastructure and assets.

The intention of the Fire and Emergency New Zealand Act 2017 was to provide the formal mandate and sufficient, sustainable funding for this wider remit. **Appendix 1: How we are funded** discusses how subsequent changes to the levy system have narrowed this funding focus in respect of fire vs material damage.

In the six years since then, we have stood up a unified organisation and district management structure that continues to deliver the services our communities expect of us. But we are doing this in spite of the challenges above, and that is not sustainable.

An independent analysis⁴ of incident volumes, incident types and committed hours⁵ over the 2018/19–2021/22 financial years, commissioned in 2023, stated that:

- Incident volumes are increasing, but only slightly above population growth, driven largely by increases in false alarms and assisting the public in natural disasters and severe weather events.
- Vegetation fires comprise the largest share of committed hours. This share is increasing.
- Assisting the public in natural disasters and severe weather events is forecast to have the most significant growth in committed hours.
- Incident trends are showing a shift from urban to regional areas, which have lower network capability and limited ability to respond to the increased likelihood of significant events.
- In addition, an increase in the frequency and/or severity of adverse events due to climate change is likely to increase demand for services in regional areas.⁶

Whether these trends have significant cost implications depends on how Fire and Emergency responds to these changes. From a funding perspective, our challenges are not all immediate. The transitional levy increase that takes effect on 1 July 2024 will provide for our operational needs over the levy period. The much needed refresh and renewal of fleet and property assets will require significant capital investment beyond the scope of levy funding, but must be determined as part of a strategic approach to sustainable resourcing.

In addition to the costs involved, firefighting and responding to many other emergency events comes with inherent safety risks, and keeping our people safe is an absolute priority for Fire and Emergency.

What are we doing about all of this? We are fully aware of the responsibility we have to keep our people safe, and to spend public money efficiently and effectively.

Safety and effectiveness

- Our Safe Person Concept (SPC) underpins everything our people do operationally, and applies to the individual, the crew, and the task itself, anywhere and at any time during an emergency incident. The SPC approach teaches dynamic risk assessment, so decision making can adapt to any incident scenario and help maintain the balance between keeping yourself safe and performing your operational role.
- We undertake after-action reviews, lessons management and operational reviews for all significant incidents within New Zealand. Conducted by our National Assurance directorate, reviews are an in-depth look at the incident, comparing what happened to what is expected to happen according to Fire and Emergency doctrine and procedures, and providing recommendations for continuous improvement. We also undertake debriefs and after-action reviews at task, tactical and strategic/multi-agency operational levels. Again, these are used to share observations and contribute to continuous improvement.
- We commission independent operational reviews⁶ to provide an impartial look at Fire and Emergency's performance at major incidents or national emergency events. These reviews are undertaken by specialists, often referred to by AFAC (the national council for fire and emergency services in Australia and New Zealand, of which we are a member). The most recent independent review to be conducted is for the Loafers Lodge tragedy, and this review is ongoing.

- We have commenced a strategic review of our core emergency response capability (skills and equipment) in the face of the changing environment. The aim of this review is to identify potential work programmes that support our capacity and capability, now and in future, to undertake our core response functions safely and effectively.
- We maintain a cash reserve of \$50m to ensure we have sufficient working capital to fund day-to-day operations, allow for monthly fluctuations in levy revenue, and meet any unforeseen external costs of a significant adverse event. Our annual budget of \$10m for adverse events has been exceeded in three of the last five years. Almost half of the total \$63.4 million over the last five years was allocated to just ten individual incidents.

Infrastructure and assets

- In 2017/18, right at the outset of the new organisation, we created a Capital Infrastructure Investment Reserve of \$53.75 million to accelerate the capital programme over the following three years. As at 2022/23 year end we have spent \$51.22 million from this reserve, COVID-19 having delayed our programme beyond 2020/21. Ring-fencing this reserve has enabled us to track the balance of funds required to complete those capital programmes deferred while we focused on rebuilding after the Christchurch earthquake (see next point), and to manage a gap in the supply of fire appliances.
- In 2020 we received a capital injection of \$51.3 million from the COVID-19 Response and Recovery Fund (CRRF). This enabled us to prioritise the rebuilding and upgrading of 26 fire stations and, as of July 2023, all 26 stations are completed and fully operational.
- As part of our programme of fleet renewals we took delivery of 36 new appliances during the year, a significant refresh given the effects of COVID-19 constraining the global supply chain. Our two major appliance procurement projects also achieved key milestones during the year, taking delivery of four trial pumping appliances for testing at four stations to provide frontline feedback into our supplier selection process; and placing orders for five ladder appliances used for a range of tasks including delivering water from height onto a fire, as an observation platform, providing lighting, and in certain cases rescuing people from height.

⁴ SageBush. *Key inputs for Financial Forecasts*. 2 March 2023. Pages 3-4

⁵ The hours incurred by firefighters responding to an incident; includes all time incurred from opening to closing the incident.

⁶ See <https://fireandemergency.nz/research-and-reports/operational-reviews-and-reports/>

- We also have a Seismic Resilience Reserve, created specifically to fund upgrades of fire stations and other buildings below the seismic loading standard required in the Building Act 2004. This fund now stands at \$33.3 million. We have developed a clearer understanding of these seismic risks and, in light of the recent update to the Building Act, will need to increase this reserve to meet strengthening and rebuilding requirements.
- As at 2021/22 we estimated that we would require \$2.9 billion to remediate, and where necessary replace, our assets. This estimation needs to be reassessed in line with what we know now and what we are planning for in the future. Responding to asset deterioration will continue to be a focus for some time to come.

Efficiency

- We have developed an approach to design and deliver risk-based investment decisions across the organisation. The vision for this work is to optimise national risk reduction and response outcomes for the people and communities of New Zealand, through formalised, evidence-based investment that considers local and national service delivery needs and ensures our functions under the Act are fulfilled. Work is currently underway to develop a risk-based modelling approach to inform resource allocation decision making, with the final phase of modelling due for completion in April 2024.
- Revenue and expense comparisons with comparable organisations in Australia (see Appendix 1, 'How we are funded') show that we compare favourably in terms of cost/revenue per head of population. We intend to undertake an independent benchmarking review to assess our current operational and fiscal framework against other comparable organisations internationally, noting that securing cooperation from other fire and emergency services overseas is critical to completing this exercise.

Efficiency dividend

There has been ongoing political interest in the potential for efficiency savings to be achieved through the integration process that created Fire and Emergency. Both the relevant Cabinet paper and minute of the 6 July Cabinet Economic Growth and Infrastructure Committee refer to the potential for efficiencies from better matching services with community risk and needs and a flexible service model. The Cabinet paper also identifies a third potential source of efficiencies – improved use of capital.

It is important to note that when Fire and Emergency was established, it was not tasked with creating savings and it was acknowledged that there were limitations in the data on the cost of running the services. The 2016 Cabinet documents show that Ministers anticipated that efficiencies might not be achievable, as the analysis at the time was based on incomplete information. It was noted that Cabinet did not have "good line of sight" of either rural fire sector costs or the baseline costs of the New Zealand Fire Service Commission.

In fact, the amalgamation of rural fire forces has required additional support function expenditure and greater investment in property, fleet and equipment than was originally anticipated. This has been required to ensure our staff and volunteers can undertake their roles safely and can provide sufficient support to their communities. Subsequent operational reviews undertaken by PricewaterhouseCoopers also outlined insufficiencies in Fire and Emergency back-office systems that required investment to ensure that our frontline personnel were adequately supported to undertake their role and to support amalgamation.

Emergency management system reform

A multi-year work programme is underway to deliver extensive change to New Zealand's emergency response system. This includes the establishment of NEMA, development of the National Disaster Resilience Strategy, and a programme of legislative and regulatory reform.

Introduced to house in June 2023, the Emergency Management Bill proposes to establish "a more flexible regulatory framework for setting standards and managing the emergency management system" and would replace the Civil Defence and Emergency Management Act 2002.

As the emergency management sector's largest response agency, Fire and Emergency's capabilities can help enhance the emergency management system. The Minister for Emergency Management and Recovery will set the direction for the emergency management system's modernisation. We will be signalling to the Emergency Management and Recovery Minister that we are keen to be closely involved in discussions about the future of the emergency management system, and the reform work underway.

We have provided your officials with a draft of our Briefing to the Incoming Minister for Emergency Management for their information and comment.

This reform might also provide an opportunity to review and clarify how our functions are represented in the Fire and Emergency Act, in line with the needs of the wider emergency management system.

Ngā wāhanga matua mō tō arotahi Key areas for your focus

Over the next six months or so, the following areas of focus will be foremost in our discussions with you and your officials.

Consultation on the Part 3 levy

The Fire and Emergency New Zealand (Levy) Amendment Act 2023 was enacted on 5 April 2023, pushing out the commencement date for new levy provisions in Part 3 of the Fire and Emergency Act (Sections 80 to 140) to 1 July 2026. Fire and Emergency have been working with DIA to advance the process of consulting publicly on the Part 3 levy, the first time such consultation will take place.

Under section 143 of the Act, we must consult with levy payers, policyholders, and any other persons that we consider are likely to be substantially affected, or their representatives, about the proposed levy for the 2026-29 period and the activities we propose to undertake during that period that will be funded by the levy. A discussion/consultation document and regulatory impact statement were prepared in support of this process earlier in the year, and accepted by the previous Minister.

In July 2023 a decision was taken by the previous Minister not to proceed to Cabinet prior to the general election for agreement to commence consultation. Also in July 2023, Cabinet approved an increase to the transitional levy of 12.8%, to take effect on 1 July 2024. The transitional levy will continue to apply until the new Part 3 levy comes into force.

Your decision and accompanying regulations on the amount of the Part 3 levy would need to be finalised by December 2024 in order to allow insurance companies the time they have stated will be required to update their systems and processes for the Part 3 levy changes.

Delaying these decisions would place pressure on the insurance industry to be ready in time for 1 July 2026, and so avoid incurring penalties for incorrectly collecting the levy. Pushing out commencement of the Part 3 levy would require a further legislative amendment.

Fire and Emergency is working closely with DIA to be ready to recommence the consultation approval process through Cabinet in line with the Government's priorities.

Capital investment

As outlined in **Our Assets**, funding of the capital programme to replace fire appliances and renew and refurbish fire stations will continue to be a significant challenge for the organisation.

Assets inherited from the former New Zealand Fire Service and rural fire districts were in various conditions and fitness for purpose at the time of establishment; this included a significant number of properties requiring major upgrades, and in some cases replacement. At amalgamation, the Rural Fire estimates for operating and capital costs were significantly underestimated, as noted in the Cabinet paper and minute on establishment of Fire and Emergency in 2017.

In 2020, Fire and Emergency developed a Strategic Asset Management Plan and subsequently a financial model for the Part 3 Levy; the model estimated \$2.9 billion would be required over 20 years to lift the asset portfolios to a base standard by addressing deferred maintenance. At the time, this represented a \$900 million shortfall.

Since this estimate, the Building Act has been updated, requiring greater seismic resilience of our property portfolio, and more is known about our asset conditions, maintenance needs, renewals and replacements. The identified shortfall to bring our assets to the required standard needs to be reassessed in line with the context of the services we will be expected to deliver, and the additional pressures of the current and future operating environment. It needs to be considered strategically, so informed decisions can be made across all asset and capability investments.

Levy funding will not cover the demand on the asset base in its current condition, and there is work underway to identify the financial shortfall in our ability to sustainably fund Fire and Emergency into the future (see **Financial sustainability**):

9(2)(f)(iv)

There is a significant amount of work to undertake across Fire and Emergency before we will be fully ready for a significant fiscal conversation with central government.

9(2)(f)(iv)

Eke Taumata

Eke Taumata is a programme established in December 2022 to support Fire and Emergency to achieve long-term workplace culture change and ensure a positive work experience for its people.

The process that led to the programme's establishment began in 2019, when our Chief Executive asked retired Judge Coral Shaw to complete an independent review into bullying and harassment. Ms Shaw made 33 recommendations for improvement, all of which were accepted by the organisation.

Part of the remit of Eke Taumata is to respond to the recommendations in the Te Kawa Mataaho Public Service Commission review, which was released in December 2022.

We recognise that if we genuinely want to change our culture, we need to do more than implement the recommendations. We also need to recognise the intentions behind the recommendations and make the systemic changes needed to build a workplace defined by respect and inclusion.

Fire and Emergency recognise that we have a collective responsibility for this mahi – Eke Taumata is about living our values and who we want to be as an organisation. Our approach to the recommendations has been very deliberate, taking time to understand them and then building a strong foundation upon which to move forward together in the right direction.

The first six-month progress report was delivered in June 2023: <https://www.fireandemergency.nz/assets/Documents/About-FENZ/Key-documents/1711-Eke-Taumata-June-Report-2023.pdf>

Another key workstream is to deliver against recommendations 14, 15 and 16 of the Te Kawa Mataaho Public Service Commission review. That means developing transitional arrangements for complaints management. We expect to be delivering that by the end of 2023.

We will also be building internal capability to ensure our people leaders and decision makers have the tools they need to fulfil their responsibilities in the complaints management process, and, where appropriate, can better manage issues as they emerge and before they become complaints.

Upcoming milestones

Wildfire Readiness and Prevention Campaign

The 2023/24 summer is going to be heavily influenced by El Niño weather patterns, which means worsening fire conditions in many parts of the country along with a higher likelihood of storms and severe weather. To address the increased fire risk, preventing wildfires and increasing our communities' preparedness continues to be the focus of our annual National Wildfire Prevention and Readiness campaign. The large majority of fires in New Zealand's context are started by equipment failure or human error.

Our campaign strategy is two-pronged:

1. Educating and empowering the NZ public by giving them the tools to mitigate wildfire risk (prevention)
2. Helping people living on or near open land areas to get their homes and property ready for wildfire (readiness).

Aligning with the early onset of the fire season, our campaign commenced in September with online video, social media, search and digital outdoor billboards communicating location-specific and real-time high, very high or extreme fire danger status, triggered by the Fire Danger API (driven by our NIWA FireWeather model data). Social media, online video, digital display and radio are also being used to target semi-rural/rural dwellers with messaging about how to prepare their home and property for a wildfire.

We will continue to deliver real-time and localised fire danger level and fire season information across MetService's website and app platforms. Our call-to-action drives the public to [checkitsalright.nz](https://www.fireandemergency.nz/checkitsalright) to check their local fire danger level before lighting a fire, apply for a permit if required, and find more information on how to mitigate fire risk for their chosen activity.

Annual Report

Our 2022/23 Annual Report has recently been presented to you for tabling in Parliament.

Visit to NHQ

Your predecessor visited our National Coordination Centre at our Wellington NHQ at the start of the 2023 Parliamentary year. We would welcome the opportunity to show you this facility and provide an overview of some of the major response operations we have coordinated from there.

Station openings

In the 2023/24 year we have committed to undertake major programmes to rebuild the Parnell career station rebuild, and upgrade the Hastings composite station and Waverly station.

We will advise your office of opening dates in due course.

Career Recruit graduations

Should you be interested and available, we would welcome your attendance at career recruit graduation events at our National Training Centre in Rotorua.

We will advise your office of graduation dates in due course.

Ngā take o nāianeī

Current matters

Independent Dispute Resolution

Separately to the complaint management model outlined under **Eke Taumata**, section 178 of the Fire and Emergency Act requires us to develop a dispute resolution scheme to ensure that our volunteers and people within the communities we serve are able to dispute Fire and Emergency's actions or decisions, and that there is an independent and transparent process for resolving those disputes.

The current Scheme was established in December 2021 and Rules for the operation of the Scheme came into force on 10 December 2021. Fire and Emergency appointed the Independent Complaint and Review Authority (ICRA) to administer the Scheme and to provide dispute resolution practitioner services. The Scheme published its Annual Report in June 2023.⁷

As required by the Rules, a review of the Scheme commenced in mid-2023 (just outside the Annual Reporting period), to assess the effectiveness of the Scheme and whether it is fit for purpose. A report is expected before the end of the year.

WorkSafe inquiries

A WorkSafe inquiry is being conducted into the deaths of two Fire and Emergency volunteer firefighters, Craig Stevens and Dave van Zwanenberg, at Muriwai in February 2023. This inquiry is ongoing. Separately, we commissioned an independent investigation to identify all the factors that contributed to this tragic event. That investigation was completed in July and a copy of the report was released publicly. The report made four recommendations, which focus on raising awareness and knowledge of hazards like landslides and reviewing aspects of our critical risk management programme. Work to address these recommendations is underway, including work underway prior to the event that has now been completed. This includes releasing a landslide awareness module that all our operational people will be required to undertake and record that they have done the training.

In June 2023 Fire and Emergency received an Improvement Notice from WorkSafe under sections 101 and 116 of the Health and Safety at Work Act 2015, relating to our asbestos management plans. This followed renovation work being done on the Auckland Central fire station which raised concerns about asbestos-containing materials. We were required to confirm that the controls specified in the Asbestos Management Plan for 40 Pitt Street were implemented; and to review all Asbestos Management Plans to confirm they were implemented, monitored and effective, by 17 August 2023. We met these obligations and the improvement notice was lifted on 18 August.

In October 2023 Fire and Emergency received an Improvement Notice from WorkSafe relating to ensuring the respiratory protective equipment (RPE) we provide to our workers (paid and volunteer) are a suitable size and fit. The Improvement Notice recommends that we implement a system to ensure all RPE (disposable N95/P2, BA and APR) worn by workers to minimise the risk of exposures to smoke and other unknown chemical and biological contaminants are a suitable size and fit and ensure fit testing is carried out by a competent person as part of this process. We must implement this system by 2 February 2024 unless an extension is granted.

NZQA External Evaluation and Review

Fire and Emergency is accredited for two New Zealand Qualifications Authority (NZQA) accredited programmes and approximately 300 different, individual NZQA Unit Standards. In the 2022/23 year, 13,500 unit standards were achieved across 60 different unit standards.

On 29 June 2023 NZQA published an External Evaluation and Review (EER) into Fire and Emergency's NZQA accredited training programmes and unit standards. The EER downgraded Fire and Emergency from being a Category Two to a Category Four Government Training Establishment provider. The downgrade focused on the systems and processes in place to provide assurance over the quality of training and assessments.

At the time of the EER, we had already identified the primary areas for improvement and work was already underway to address these when the EER was undertaken. We have entered into agreements with Toitū Te Waiora Workforce Development Council and Te Pūkenga New Zealand Institute of Skills & Technology for the provision of assessment and moderation assurance services. This support and assurance is now in place, and it was on this basis that NZQA granted Fire and Emergency an exemption to the normal restrictions that would apply to a Category Four provider.

Local Advisory Committees (LACs)

The Fire and Emergency New Zealand Act requires the establishment of Local Advisory Committees (LACs), to provide independent local advice to the Board on what communities value, their needs and the risks they face, and to keep the organisation connected with those communities.

The timeline to date is as follows:

- 2017 – pilots were run in Auckland and Canterbury to test processes, tools and systems
- 2018 – a trial was run in Hawke's Bay testing the design, and the public were consulted on proposed boundary lines
- 2019 – the Board approved the LAC boundaries and establishment of the first seven of 16 committees, and set the Terms of Reference and Operating Principles
- 2020 – seven LACs were established in Northland, Tairāwhiti, Hawke's Bay, Marlborough, West Coast, Chatham Islands and Otago
- 2021 – an evaluation of the LACs' first year of operation was undertaken to inform the establishment of remaining LACs
- 2022/23 – existing LACs engage with communities and work with District Managers to provide community insights into District Plans. LACs also provide insights reports to the Fire and Emergency Board.
- 2023 – in March, the Board appointed 19 new members to six of our seven LACs in Northland, Tairāwhiti, Hawke's Bay, Marlborough, West Coast and Otago. Many existing LAC members were also reappointed for a second term.

More information on LACs can be found on our website: [About Us > Local Advisory Committees](#)

Industrial relations

A number of unions and associations represent our people. Our 'Welcome to Fire and Emergency' document provides further information on these organisations and who they represent within Fire and Emergency.

Timelines for negotiation of agreements are prescribed within legislation and are informed by Public Service obligations. The Government Workforce Policy Statement expects Fire and Emergency to have completed preparations for negotiations at least 60 days prior to the expiry of a collective agreement and legally, unions may initiate negotiations 60 days prior to the current collective expiry. After initiation, Fire and Emergency is required to enter a process arrangement to ensure negotiation is effective and efficient.

We have three parties to negotiate and settle collective agreements with:

The New Zealand Professional Firefighters Union (NZPFU)

- Around 1950 personnel. Operational career firefighters, Communications Centre staff, Trainers, Volunteer Support Officers, and Risk Reduction and Community Readiness personnel. There is some crossover with the PSA, and potentially with FECA.
- Expiry: 1 July 2024. Initiation expected 2 May 2024.

The Public Service Association (PSA)

- Around 180 Fire and Emergency personnel. PSA membership is open to anyone working for the Public Service in New Zealand. Membership is open to anyone working for Fire and Emergency, but typically includes office-based staff, some local risk reduction and community readiness advisors, and volunteer support officers.
- Expiry: 24 March 2025. Initiation expected 23 January 2025.

The New Zealand Fire and Emergency Commanders Association (FECA)

- Around 145 personnel. These are operational personnel holding ranks above Senior Station Officer and below Assistant National Commander, i.e. senior leaders within Regions and Districts up to the level of Region Manager, and some senior personnel based at NHQ. This includes those acting in leadership roles, and may involve crossover with the NZPFU.
- A new collective agreement was signed in October 2023, taking effect 1 April 2023.
- Expiry: 1 October 2025.

⁷ See <https://www.fireandemergency.nz/assets/Documents/About-FENZ/Key-documents/Independent-Dispute-Resolution-Scheme-Annual-Report-2023.pdf>

Clarifying the legal status of volunteer brigades

The United Fire Brigades' Association (UFBA) promotes and supports effective volunteerism to both Fire and Emergency and government, and represents the interests of all volunteer fire brigades and their enrolled members through effective sector advocacy.

Volunteer fire brigades are independent legal entities that operate within the structure of Fire and Emergency, and are expected to operate in accordance with organisational policies. When Fire and Emergency was established in 2017, it inherited more than 600 agreements for service with volunteer brigades. These agreements contain a mix of legal rights and obligations for both parties.

These historical agreements were originally entered into in a legislative environment that contemplated a direct contractual relationship between each volunteer brigade and the New Zealand Fire Service Commission. By way of contrast, the Fire and Emergency Act establishes a direct statutory relationship between each individual volunteer and Fire and Emergency, not the brigades. This has resulted in a misalignment between the Fire and Emergency Act and the historic legal agreements that existed with volunteer brigades.

At times this impacts Fire and Emergency's ability to engage with and provide support to volunteers, despite it being obliged to do so by the Fire and Emergency Act. This has also given rise to challenges for Fire and Emergency to directly address issues as they arise within volunteer brigades.

While Fire and Emergency supports the intent of the legislation to maintain the strong connection between the brigades and the communities they serve, we are of the view that some legislative amendment may be required to address these issues. We have been working with DIA as our monitoring agency on how this might be progressed.

Firefighter recruitment (career and volunteers) Career

Due to increased attrition of career firefighters in 2021/2022 we ran two additional recruit courses in 2022/2023, bringing the total to four recruit courses. The increase in attrition rates is partially a result of a restructure at region/district level which saw some career firefighters move to leadership and risk reduction/community readiness roles in the districts.

Like many industries, we are experiencing some challenges with recruitment. Work is underway to determine ways to improve our recruitment campaigns and long-term analysis to understand these workforce trends and associated recruitment and training

needs. We will be running additional marketing campaigns to attract more applicants and ensure we can run the recruit courses at full capacity.

We have also made changes to how we run our National Attraction Campaign to improve gender diversity. Our media campaigns have been specifically designed to increase the numbers of female applicants, and we are advertising on different platforms and in different locations to target potential female applicants.

Volunteers

Global volunteering research is indicating change in how people want to volunteer. The number of hours people have available to volunteer is declining, coupled with how people want to volunteer in the future. This type of volunteer flexibility will challenge the current Fire and Emergency model.

Attraction of volunteers is an ongoing requirement. While volunteers join to support their communities, there is reluctance and a lack of specialised skills within brigades to spend their time attracting and recruiting new recruits. Centralised attraction and recruitment teams support brigades with resource and technical skills.

Post COVID-19, volunteer recruitment application numbers bounced back relatively quickly with 877 applications from January to June 2023. This compares favourably with pre-COVID-19 application numbers which peaked at 935. Since August 2021, we have received and processed over 3,000 volunteer applications.

Gender diversity application numbers sit at 34% female, with 66% male. These application numbers account for incremental increases in our volunteer female workforce, which has seen year on year increases and currently sits at 21%.

Financial sustainability

A programme to develop a sustainable future capability model with a supporting financial strategy has been initiated to enable us to respond to a potential gap in capital funding, changes in demand for services, and Ministerial expectations.

The sustainable future capability model will drive our investment choices over the next 5+ years and provide a clear external narrative to support Part 3 levy proposals. 9(2)(f)(iv)

The current phase of the programme is focused on developing the objectives, scope, deliverables, timeframes, and a high-level programme plan.

Presumptive legislation for workplace illness, injury and disease

Presumptive legislation accepts disease or disorder claims from a worker without the worker having to prove that the disease or disorder – be it physical or psychological – necessarily resulted from the job. Presumptive legislation for firefighters who suffer from specific work-related illnesses, such as various types of cancer, is common overseas – for example, in Canada and Australia.

For a number of years there have been calls from a range of interested parties for all firefighters (including past personnel) to be subject to presumptive legislation for gradual workplace process illness, injury and disease. These calls have also included requests for the Government to broaden ACC coverage to recognise volunteer firefighters under the ACC Act as an "affected occupational group," as if they were employees, when carrying out Fire and Emergency duties; and advancements in mental health protections for all firefighters, career and volunteer.

Recent engagement with MBIE on the expansion of the Schedule 2 list of occupational diseases recognised under the ACC Act has reinforced that Fire and Emergency is supportive of presumptive legislation for all firefighters.

Fire and Emergency is seeking to work with MBIE and ACC on potential mechanisms to better support work-related mental injury cover for our firefighters. Just as is the case with coverage for physical illness, Fire and Emergency does not believe there is a good basis for volunteer firefighters to be treated differently to career firefighters in the eyes of ACC when it comes to recognition and treatment of work-related mental injury.

Kia Toipoto – closing gender and ethnic pay gaps

The Public Service Commission's Kia Toipoto Pay Gaps Action Plan 2021–2024 (Kia Toipoto) has been developed to assist agencies/entities to close gender, Māori, Pacific, and ethnic pay gaps. Kia Toipoto has three goals:

- make substantial progress towards closing gender, Māori, Pacific, and ethnic pay gaps
- accelerate progress for wāhine Māori, Pacific women, and women from ethnic communities
- create fairer workplaces for all, including disabled people and members of rainbow communities.

In 2018 Fire and Emergency signed a commitment to work with Māori and developed a Diversity and Inclusion Strategy, which committed to equity, fairness, reducing gender pay gaps and building cultural competence across our workforce. Fire and Emergency's Statement of Intent 2020-2024 commits to building on the successes so far, work towards closing gender pay gaps and increasing diversity across the organisation's workforce.

As part of Kia Toipoto, Crown Entities were required to publish their pay gap data by 31 December 2022, which we did. FY 22/23 pay gap data was published in November 2023. Crown Entities were also expected to develop and publish their first annual Kia Toipoto action plan by 30 April 2023.⁸

Climate change response

In December 2020, the Government established the Carbon Neutral Government Programme (CNGP). The CNGP's purpose is to accelerate emissions reduction within the public sector, and support agencies to be carbon neutral by 2025.

Fire and Emergency has developed a Climate Change Response Strategy 2022-2030 to guide our response to climate change. The Strategy summarises our carbon footprint, describes focus areas to reduce our carbon emissions, and describes key areas to build organisational and community resilience to adapt to the impacts of climate change.

Fire and Emergency is a Toitū Carbon Reduce certified organisation in line with ISO 14064-1. This means we are measuring and reducing our carbon footprint in line with international best practice. We have developed a strong understanding of our emissions profile, and the sources that contribute to our carbon footprint. We have compiled and externally verified gross emissions data across a five-year period from 2018/19 to 2022/23.

By reducing fire risk and fire damage, Fire and Emergency's core activity, we are in turn helping to reduce unmanaged carbon emissions. Whilst this is currently unquantified, and unmeasured in agency reporting, we are assessing how this substantive contribution to actual carbon reduction might be evaluated.

⁸ See <https://www.fireandemergency.nz/about-us/our-commitments/kia-toipoto/>

Tō tātou puna moni

Appendix 1: How we are funded

Fire and Emergency receives almost 100% of its funding through a levy charged on insurance policies where property is insured against the risk of fire. We also receive an annual contribution from the Government towards the public good component of services we provide, subject to the Government’s annual Budget process.

From time to time we receive ‘good citizen’ payments in lieu of levy from other government agencies that do not insure. These payments are entirely voluntary and unable to be budgeted for. We also receive revenue through interest income as well as cost recovery for response to fires that start on Department of Conservation land.

As at 30 June 2023, total equity (or the value of the organisation) is \$1.45 billion.

Funding levers

As our Minister, you have the following financial levers at your disposal:

Fire and Emergency levy (Fire and Emergency Act)	Crown contribution (Vote Internal Affairs)	Budget bid (Vote Internal Affairs)
Changes in levy rates Changes to exemptions Amendment or regulation to allow for/require payments outside the insurance levy scheme	Change in annual and permanent appropriation from Non-Departmental Output Expenses: <i>Fire and Emergency New Zealand – Public Good Services (M41) (A6)</i>	New multi-year appropriation from Non-Departmental Capital Expenditure OR Non-Departmental Output Expenses This option includes Crown loans.

Fire and Emergency levy

Insurance levy funding is not new. From 1975-2017, the New Zealand Fire Service Commission (career and urban volunteer brigades) was mostly funded through an insurance-based levy, while the Rural Fire Authority was mostly funded by local authorities and cost recovery.

Funding review

Part 3 of the Fire and Emergency New Zealand Act 2017 proposed a new funding regime to broaden the base of levy payers and make the insurance-based system more equitable. This would enable levy costs to be distributed more evenly across residential, commercial and motor vehicle policy holders with levy being payable on insurance for material damage to reflect the broader remit of Fire and Emergency.

Due to the significant work required by both the insurance industry and Fire and Emergency to implement Part 3 in 2017, a transitional levy regime was established to ensure the newly combined fire services were adequately funded during the establishment period. See Transitional levy, at right.

In 2019, Cabinet agreed to initiate a first principles review of the way Fire and Emergency is funded. The intention of the review was to replace the updated regime (Part 3) in the Fire and Emergency Act with a fairer way of funding Fire and Emergency.

To accommodate this review, the transitional funding arrangements were extended until 1 July 2024, unless repealed earlier. The funding review was subsequently put on hold due to the COVID-19 pandemic and the election. In April 2021, the Department of Internal Affairs announced that following extensive consultation it had concluded that the insurance-based levy funding model was fit for purpose.

One alternative, a property-based funding model involving property owners paying a levy based on their property’s value, size or use was concluded to be costly, time-consuming to collect and too difficult to implement, so was not progressed.

The review was completed in 2023, leading to the passing of the Fire and Emergency New Zealand (Levy) Amendment Act 2023, which pushed out the commencement date for the Part 3 levy to 1 July 2026.

In addition, it makes two key amendments to the Act as originally passed:

- The levy will be charged on insurance contracts for fire damage as it is now (rather than material damage, as originally drafted).
- The basis for calculating the levy will change from the amount insured to the sum insured in all contracts for fire damage.

The focus now is on regulations required to implement the levy and changes to exemptions – see Part 3 levy consultation under **Key areas for your focus**.

Transitional levy

The transitional levy regime, established in 2017⁹ to provide continuity of funding until Part 3 of the Act comes into force, is largely a carry-over of the previous insurance levy which funded the urban Fire Service. It is primarily levied on policies insuring against the risk of fire.

Levies apply differently depending on whether the insured property is residential or personal property (such as house and contents); a vehicle under 3.5 tonnes; or non-residential or other property (such as commercial buildings, heavy vehicles, plant equipment, office equipment and stock for sale).

In 2017 the rate of levy for non-residential and residential property was increased from 7.6 to 10.6 cents per \$100 of the amount insured against fire. This increase was to cover the increased costs and extended mandate of the newly amalgamated Fire and Emergency.

The transitional levy is currently charged at:

- A rate of 10.6 cents per \$100 insured (residential buildings to a cap of \$100k insured, personal property to a cap of \$20k insured, and non-residential and other property) and
- A flat rate of \$8.45 per vehicle under 3.5 tonnes.

These rates have remained unchanged since 2017. Levy revenue currently amounts to around \$670m per year, with levy growth based on increases in sums insured and policy numbers.

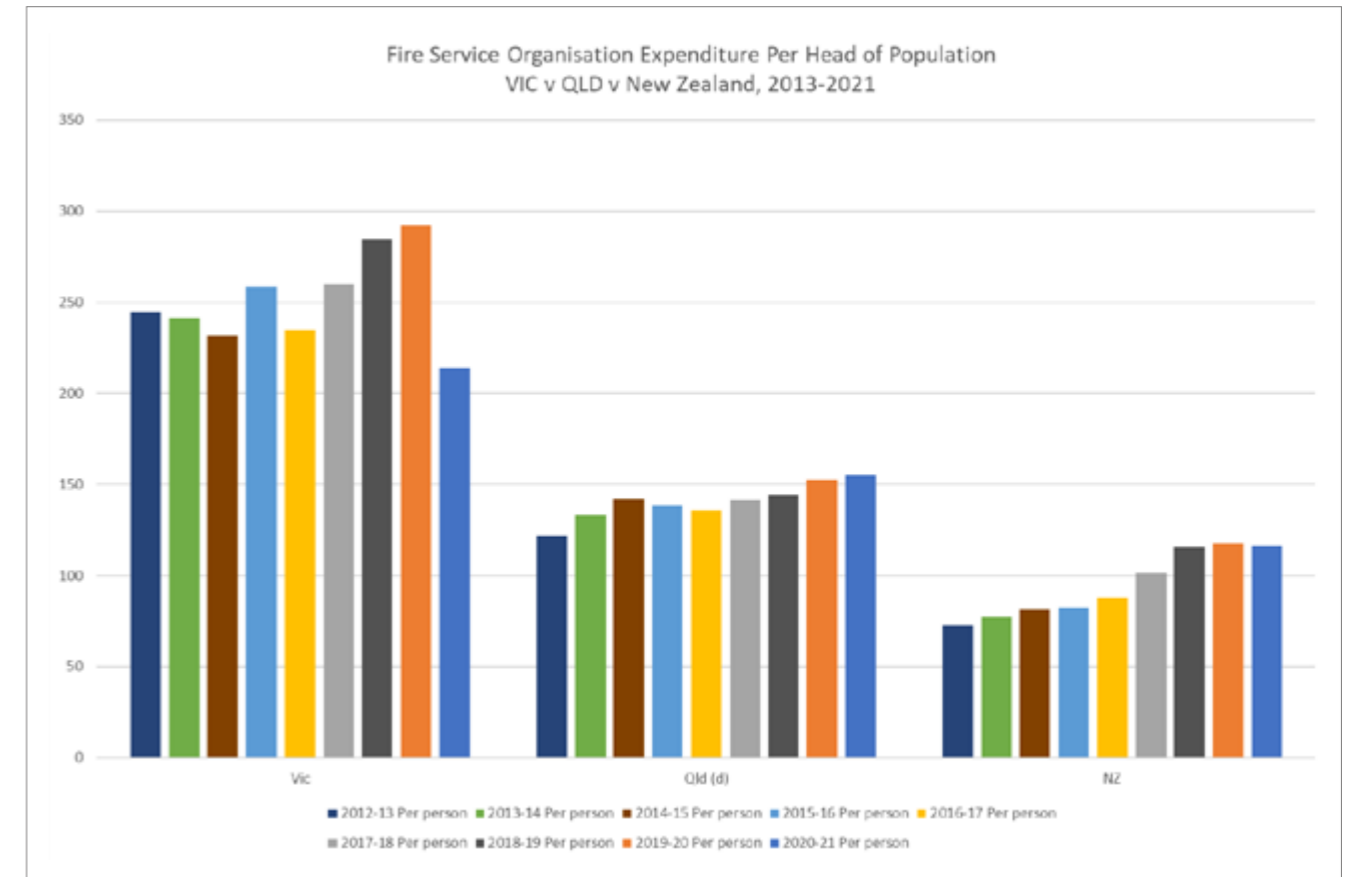
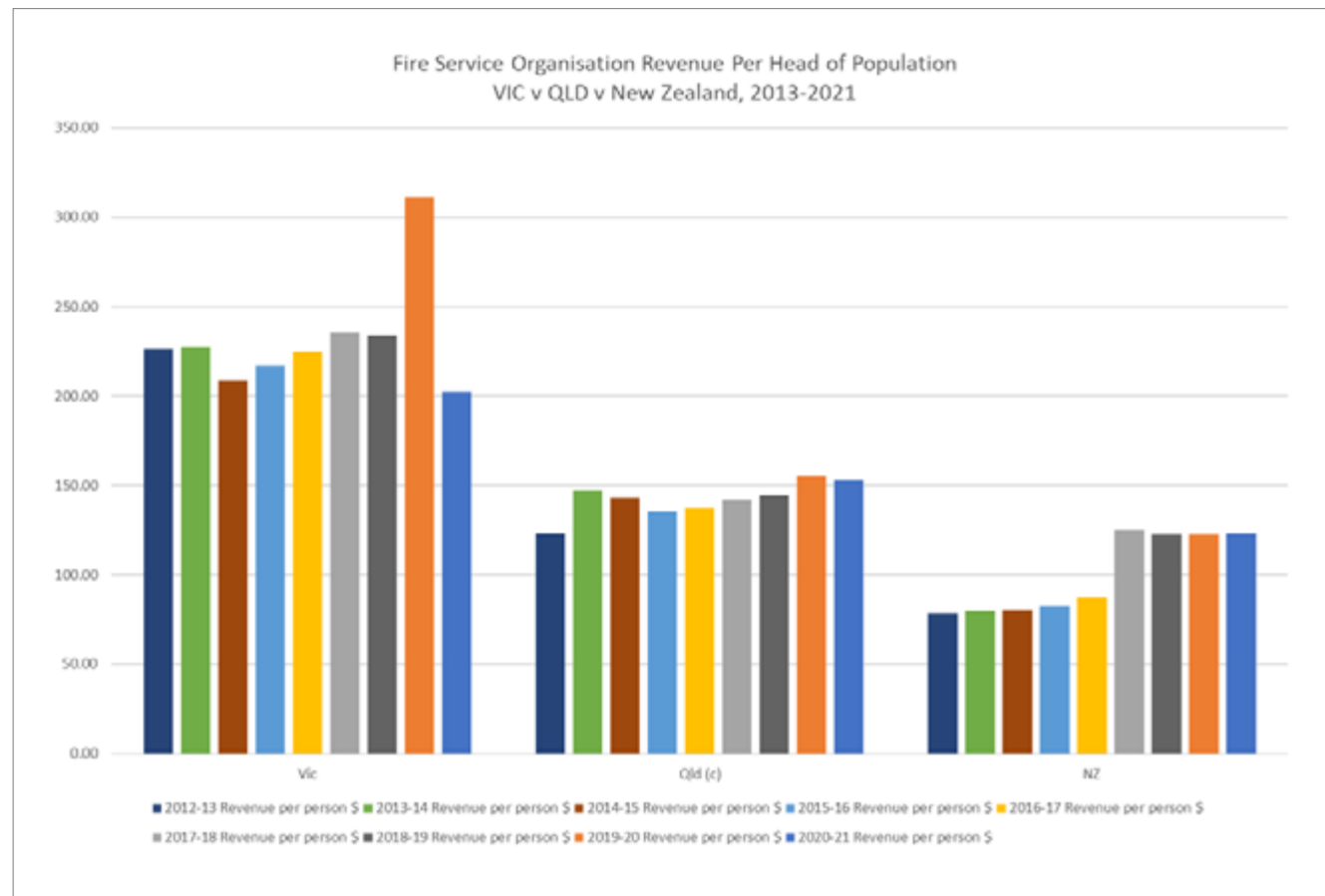
Transitional levy increase 2024

In May 2023, Fire and Emergency held a public consultation on a proposed increase to the transitional levy for the next two years (2024/25 and 2025/26), to fund costs and loan repayments arising from the settlement of a new collective employment agreement with the New Zealand Professional Firefighters Union (NZPFU), and to remain financially sustainable until the Part 3 levy takes effect. In August 2023, the Government announced its approval of a 12.8% increase in the transitional levy and passed the regulations required to implement the change from 1 July 2024.

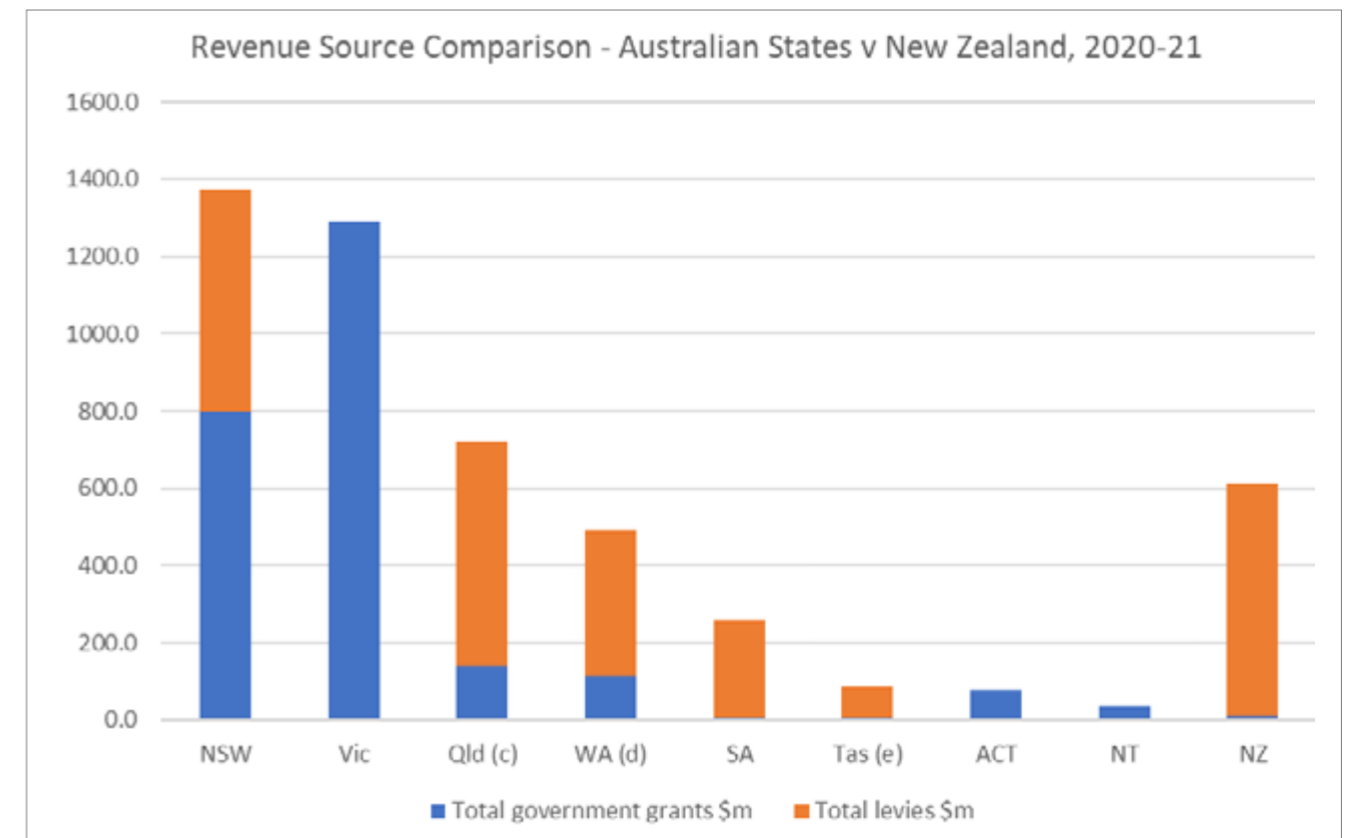
⁹ Fire and Emergency New Zealand (Levy Rates and Information Requirements in Transitional Period) Regulations 2017

Fire service funding comparisons

Comparison with Australian state and territory fire service organisations below¹⁰ shows that New Zealand compares favourably with Queensland (comparable population size) and Victoria (comparable land area and topography) in terms of fire service revenue and expenses per head of population. The 2017-18 increase in NZ revenue indicates the establishment of Fire and Emergency New Zealand and the transitional levy.



Australian fire service organisations vary in the composition of their revenue sources, as shown below.



Note that these figures do not include separate State and Territory emergency services, which are largely volunteer organisations that respond to and provide assistance during and after emergency events. However, these organisations' functions do cross over with those provided by Fire and Emergency New Zealand.

¹⁰ See www.pc.gov.au/ongoing/report-on-government-services/2023/emergency-management/emergency-services.

Exemptions

In addition to prescribing annual levy amounts or rates, levy regulations may also provide for levy exemptions, waivers and refunds. During the Transitional Period, Schedule 1 Subpart 3 Section 25A and 25B of the Act provide for the exemption from levy of art and items in collections and NZ Defence Force property. In addition, Schedule 1 Subpart 3 Section 26 of the Act continues the exemptions for categories of property contained in Schedule 3 of the Fire Service Act 1975.

Crown contribution

This Public Good Services contribution is intended to be spent on public good services that are unrelated to property or motor vehicle insurance. The level of Contribution was agreed by Cabinet in 2016. We have received \$10m per year since 2017, as an appropriation from Vote Internal Affairs Non-Departmental Output Expenses.

On 21 November 2022, Cabinet noted that the \$10 million per annum Crown contribution to provide for the public good component of services provided by Fire and Emergency New Zealand has not been reviewed since establishment in July 2017. Cabinet also invited the Minister of Internal Affairs to report back to the Cabinet Government Administration and Expenditure Review Committee on the appropriate level of the Crown contribution [CAB-22-MIN0520 refers].

One of the principles in Part 3 of the Fire and Emergency New Zealand Act is 'universal', so that Fire and Emergency's costs are generally shared among all who benefit from the potential to use Fire and Emergency services. This is accompanied by the principle of 'equitable' – policy holders should generally pay a levy at a level commensurate with their potential to use Fire and Emergency services.

The range of services Fire and Emergency provides, compared to the narrow pool of policy holder groups contributing to the levy (residential, non-residential and motor vehicle insurance holders), suggests that the 'equitable' criterion is not met with the current level of Crown contribution, as it does not cover the direct costs of services that are unrelated to property or motor vehicle insurance. Levy payers, who pay through their property and motor vehicle insurance, are also paying for response types that may be or in some case are unrelated to their insurance contracts and incidents on property not covered by insurance.

We have identified the following types of incident response where the location/property type may not be attributable to a policy holder group:

- Medical response
- Non-transport related rescues
- Some Urban Search and Rescue (USAR) activities
- Natural Disaster
- Fires that were not on residential or other private property
- Some hazardous substances incidents
- Monitoring and enforcement costs
- other responses that do not fit in to our main response types.

There are also activities that Fire and Emergency undertakes that are not related to incident response but are undertaken to meet the statutory responsibilities of a Crown entity, such as Official Information and Privacy Act requests, ministerial servicing, and developing key accountability documents.

9(2)(f)(iv)

Other appropriations

In addition to the annual appropriation above, you are responsible for capital expenditure appropriations in the Internal Affairs Vote to provide financial support to Fire and Emergency New Zealand.

From 2017/18 to 2020/21, a repayable capital injection was provided to support the transition of rural and urban fire services to a unified organisation, Fire and Emergency New Zealand.

In 2020/21 and 2021/22, a non-repayable capital injection was provided from the COVID-19 Response and Recovery Fund (CRRF) for rebuilding and upgrading fire stations.

In November 2022, Cabinet approved a \$75.4 million repayable loan to Fire and Emergency to enable it to reach a new collective employment agreement with the New Zealand Professional Firefighters Union (NZPFU) [CAB-22-MIN-0520 refers]. The loan was necessary to ensure that working capital levels could be maintained until the transitional levy adjustment could occur in 2024.

Ngā tino whakapā

Appendix 2: Key contacts

Name	Role	Contact details
Rebecca Keoghan	Board Chair	rebecca.keoghan@fireandemergency.nz 9(2)(a)
Kerry Gregory	Chief Executive	kerry.gregory@fireandemergency.nz 9(2)(a)
Bryan Dunne	Deputy Chief Executive, Office of the Chief Executive	bryan.dunne@fireandemergency.nz 9(2)(a)
Dr Kyle Whitfield	National Manager, Board and Ministerial Services	kyle.whitfield@fireandemergency.nz 9(2)(a)

Rebecca Keoghan, MNZM – Board Chair

Rebecca was appointed Deputy Chair of the Board for a three-year term in June 2019 and she was appointed Chair in July 2021. Rebecca has a wealth of governance and executive experience across a variety of industries; investment, supply chain, manufacturing, energy, ports, medical, agriculture, FMCG, forestry, health and safety and fire and emergency. 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 the 2017 Queen's Birthday Honours. Rebecca is in her second term on the Board, which expires on 25 June 2024.

Kerry Gregory – Chief Executive (Ngāti Maru)

Kerry was appointed as Chief Executive of Fire and Emergency in July 2022 for a three-year term. He was previously the National Commander and Deputy Chief Executive, Service Delivery.

Kerry's career in the emergency sector began in 1990 when he joined the former NZ Fire Service as a firefighter. Kerry progressed through all operational ranks of that organisation before becoming the Deputy National Commander in 2017 leading into the establishment of Fire and Emergency, and National Commander in 2019.

Kerry brings tremendous operational and strategic leadership experience to his role, along with excellent relationship and communication skills. He sits on the Next Generation Critical Communications Executive Governance Board and the

Emergency Services Leadership Board. He represents New Zealand on the Board of the Australasian Fire and Emergency Service Authorities Council (AFAC) and is an AFAC Champion of Change driving diversity.

Bryan Dunne – Deputy Chief Executive, Office of the Chief Executive (DCE OCE)

Bryan was appointed in November 2023. Bryan joined us from Te Kawa Mataaho – Public Service Commission (PSC) where he was an Assistant Commissioner. Before joining PSC, Bryan worked at the Department of Prime Minister and Cabinet where he was responsible for advising the Prime Minister across a broad range of portfolios, including Defence, Conservation and Emergency Management. Prior to this, Bryan held a number of executive leadership roles, including Interim Chief Executive, at the Earthquake Commission (EQC), and previously worked at the Treasury as an advisor to the Minister of Finance and a senior advisor to the Secretary to the Treasury.

The DCE OCE is responsible for:

- supporting you as Minister (and your office), the Chief Executive, the Board, and the Department of Internal Affairs
- legal services (including information requests)
- local advisory committees
- communications and engagement
- assurance and risk.

Nau mai ki te Ratonga Ahi
me ngā Ohotata i Aotearoa
**Appendix 3: Welcome to Fire and
Emergency New Zealand**

Please see separate document.

