

New Zealand Fire Service Commission Statement of Intent 2013/2016

Our Vision

Working with communities to protect what they value

Our Mission

To reduce the incidence and consequences of fire and to provide a professional response to other emergencies

Our Values

Service

Integrity

Adaptability

Skill

Comradeship

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Introduction

The SOI describes the overall outcomes the Commission seeks to achieve in its capacity as the governing board of the NZ Fire Service and the National Rural Fire Authority. Its high level goals are:

- Fire safe behaviour and practice - through proactive public education and rural fire co-ordination programmes
- Protection of people, property, communities and the environment - by providing a prompt and efficient response to unwanted fires
- Resilient communities - by preparing for and responding to a broad range of non-fire emergencies in collaboration with other agencies

Report of the Fire Review Panel. The Commission welcomed the Government's decision to appoint an independent panel to give advice on a range of strategic issues relating to the functions and funding of New Zealand's fire services.

The Commission notes the Ministers expectations as to implementation of the Review Panel recommendations and has formed some initial plans for giving effect to that objective.. At this stage implementation is limited to the recommendations that require others only require Commission resolutions or policy directives. The Commission agrees that implementation of these recommendations will add value. This includes earlier engagement with the Department of Internal Affairs in the planning cycle, and enhancing focus on:

- the delivery of the public safety messages;
- delivery of the Enlarged Rural Fire Districts Strategy; and,
- supporting volunteerism.

All of these and other recommendations will be progressed in 2013/14. The recommendations requiring reforming legislation await parliamentary action. In the meantime policy work to back the reforms will be undertaken.

Strategic Priorities. A series of national and international scale emergencies dominated the Commission's 2010/11 year: the Pike River mine explosion, the Canterbury earthquakes and the response to the Japanese tsunami. A key priority for the Commission in 2011/12 was learning from all of those events. To that end the Commission internally reviewed its response to the Christchurch earthquake and made major contributions to the Royal Commissions of Inquiry on the Pike River coalmine tragedy and the Canterbury earthquake building failures, the Director of Civil Defence's inquiry into the emergency services response to the Christchurch earthquake and the Coroner's inquiry into the loss of life at the CTV building.

With the exception of the Coroner's inquiry into the CTV building, all of the other inquiries have now reported. There are lessons for the Commission in all of the reports including the need for:

- Improved training in command and control procedures for major incidents
- Better collaboration with other emergency service providers

The Commission is monitoring the implementation of all of the recommendations addressed to New Zealand's fire services in the various reports. The narrative on the urban and rural fire operating environments expands on this programme of work and given its importance we propose to report to the Minister quarterly on progress on this front.

Value for Money. The Commission remains focused on providing fire and broader emergency services that represent value for money to communities across NZ. In this regard we are conscious of the close connection between the Fire Review Panel's recommendations on the functions that New Zealand's fire services should perform in contemporary society (the "mandate") and the resources needed to deliver those functions to the standards expected by our communities. In the absence of a clear view on the functions that our fire services will be mandated to perform in the near future we have assumed for the purposes of this SOI that the mix of services will remain unchanged from previous years. This document outlines a range of value for money initiatives and organisational financial controls that are aimed at ensuring the Fire Service remains administratively efficient.

Finance. The Commission anticipates it will end the 2012/13 financial year in a very strong financial position with cash, committed reserves and receipts from Christchurch earthquake insurance settlements approaching \$80 million. Aside from the insurance settlements our strong financial position is attributable to better than forecast levy income and lower operating expenditures as a result of tight budgetary measures.

Last year the Commission had good grounds for taking a conservative approach to forecasting levy income as post-earthquake insurance behaviour was still uncertain and underlying economic activity was weak. Better information on levy payments from insurance companies in 2011/12 has enabled more informed forecasting to be undertaken this year and for more optimistic income targets to be put in place for the 2013/16 period. The Commission still faces significant risks to its income base from private and public sector agencies with large property portfolios seeking to shield their insurance arrangements from liability to pay Fire Service levy. We have taken prudent action to minimise this risk while proposed new funding arrangements are considered.

The Commission is also conscious of the magnitude of the capital works programme required to strengthen its stock of fire stations and other critical facilities to contemporary seismic standards for emergency service buildings. This will require a considerable investment (\$50m plus). In the letter of expectations the Commission was asked to consider all options to fund the rebuild and strengthening programmes including recourse to the reserves committed to national emergencies and levy variability. The SOI sets out the likely timing and magnitude of the capital expenditure programme and demonstrates that the Commission now holds a prudent level of cash to fund the national seismic strengthening programme and the Christchurch rebuild programme. Accordingly we would expect the Commission to be in a position to fund both programmes without recourse to debt or an increase in levy rates.

National Rural Fire Authority. This SOI sets out a range of performance measures against the National Rural Fire Authority's core functions; setting minimum standards for Rural Fire Authorities, carrying out audits against those standards, and monitoring and evaluating their performance. Most of the measures were developed in conjunction with the sector. Further work will be undertaken as the year progresses to

enable the Commission to arrive at a view of the sector's capability and capacity based on hard evidence and act on that information.

In line with the Minister's Supplementary Letter of Expectations, the Commission will also seek to identify and implement options to accelerate the uptake of Enlarged Rural Fire Districts.

Looking Ahead. This SOI is in some respects transitional. On the one hand, the Commission has implemented a clear response to its known operational drivers. This includes the development of a range of leadership development programmes, a range of initiatives to promote volunteerism and an ongoing focus on operational efficiency.

This work will continue throughout 2013/14 in line with the Supplementary Letter of Expectations.

This letter also requests a range of more strategic activities including: refreshing the long-term strategy of the organisation, developing a more rigorous approach to resource allocation and improving co-operation with the Emergency Sector. Much of this work is interlinked with the recommendations in the Fire Service Review.

This work will inform a thorough refresh of the organisation's strategy and performance framework. This will be reflected in the Statement of Intent for 2014/2017.

Signed on behalf of the NZ Fire Service Commission



Rt Hon Wyatt Creech
Chair
10 April 2013

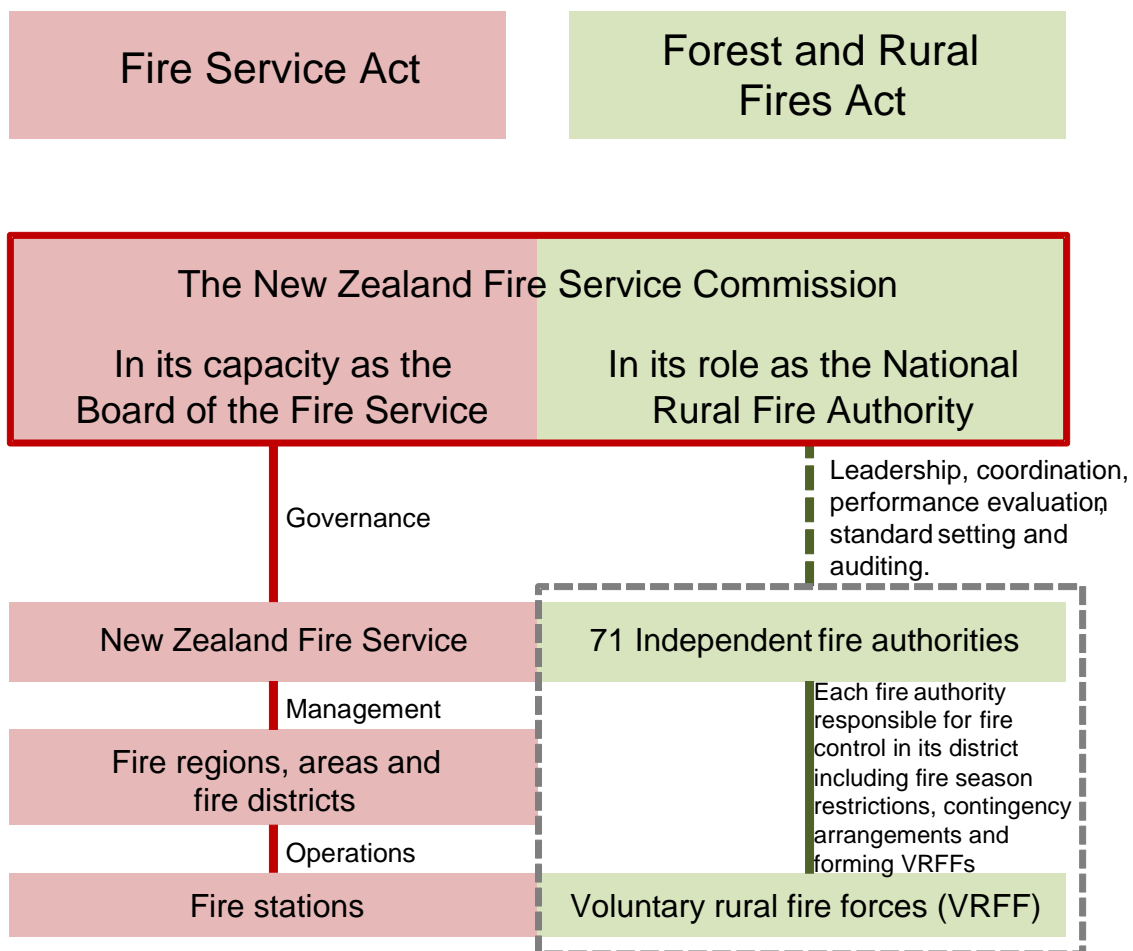


David McFarlane
Deputy Chair
10 April 2013

Statutory framework

Two separate statutes, the Fire Service Act 1975 and the Forest and Rural Fires Act 1977, establish the governance, management, and operational arrangements for protecting life and property from fire in New Zealand. The arrangements include an independent board governing a national urban fire service operating in 436 urban fire districts and a National Rural Fire Authority (NRFA) co-ordinating the operations of 71 separate fire authorities. Fire authorities are independent organisations, mostly territorial authorities but include the Department of Conservation, the New Zealand Defence Force and other special-purpose entities. Importantly, both Acts place a heavy emphasis on public education, risk reduction and preparedness in addition to the provision of emergency response services.

The board of the Commission serves as the link between the urban and rural fire regimes. It is responsible for the good governance of the Fire Service and is the National Rural Fire Authority for the purposes of the Forest and Rural Fires Act 1977. The Commission is a Crown agent under the Crown Entities Act 2004 and is subject to the accountability framework prescribed for Crown agents under that statute.



The Fire Service Act vests in the chief fire officer of each urban fire district the authority to respond to fires and non-fire emergencies inside and outside fire districts. However, outside fire districts the responsibility for managing all types of fire rests with the relevant fire authority.

In practice the Fire Service responds to over 90% of all fires in areas outside fire districts and provides fire safety education for homes and other structures without regard to fire district boundaries. The Commission in its role as the National Rural Fire Authority provides leadership, sets standards, audits and regularly evaluates the performance of fire authorities.

Sections of both Acts provide that the statutory jurisdiction and responsibility for a geographic area may be varied by agreement between fire authorities or between a fire authority and the Fire Service. Negotiations are continuing as part of a national initiative to encourage fire authorities to merge into larger groups. This will support more effective fire authority governance and risk management and better use of limited operational resources.

Fire Service people and their communities

The Fire Service operates from 436 fire stations across New Zealand. These fire stations are staffed by 1700 career firefighters and 8,000 volunteers drawn from the communities they serve. In addition, rural fire authorities provide an initial response service through some 200 registered voluntary rural fire forces. These forces are staffed by approximately 3,500 volunteer rural firefighters drawn from the rural areas they protect.

The Fire Service relies heavily on volunteer firefighters to provide public education and emergency response services across New Zealand. The Fire Service is very conscious of the threats to volunteerism in changing social times and is striving to understand and address these challenges.

The Volunteer Sustainability Programme has made some inroads into making life easier for our volunteers, for example by streamlining the recruitment process and providing more realistic financial support for volunteers. The reorganisation of Fire Areas and Regions and establishment of standard structures nationally, as well as enhanced resources directed towards volunteer support have all improved our approach to supporting frontline volunteers. The volunteer sustainability programme will be reviewed and extended as further opportunities to support the volunteer workforce are identified.

A key focus of the Commission is to sustain and foster positive relationships between the fire services' people and their communities. The actions being taken to ensure that communities will continue to enjoy comprehensive and quality fire and rescue services are set out in the Organisational Capability section of this document.

The Commission's outcome framework

The diagram below presents the Commission's outcomes framework including the services (outputs) the Commission provides, the impacts those services have and the outcomes they seek to improve.

Outcome	Reduced consequence of structural fire			Contribute to reduced consequence of non-fire emergencies	Reduced consequence of vegetation fires
	<ul style="list-style-type: none">Avoidable residential structure fire fatality rate less than 0.45 per 100,000 populationEstimated value of fire damage less than \$75M per annum in residential buildingsEstimated value of fire damage less than \$55M per annum in non-residential buildings			<ul style="list-style-type: none">Currently no effective outcome measure	<ul style="list-style-type: none">Ensure annual area burnt by wildfires is less than 4,500 hectares
Impacts	Better management of fire risk and fire events			Varies by incident type	Facilitating better management of rural fire risk and fire events
	<ul style="list-style-type: none">Number of fires in structures less than 120 per 100,000 population per annum				<ul style="list-style-type: none">95% of wildfires contained within 2 hours of being reported
	Achieved by				Achieved by
	Encouraging safer behaviour	Making the physical enviroment safer	Effectively managing fire events		Making the area safe and carrying out rescues at motor vehicle crashes
	Measured by			Securing hazmat incidents before handover to relevant agency	Facilitating better management of rural fire risk through simplification of management structures, setting operational standards and auditing compliance against these standards
	<ul style="list-style-type: none">98% of people will believe a fire can become unsurvivable in 5 minutes or less (for 2015)	<ul style="list-style-type: none">96% of homes will have at least one smoke alarm installed (for 2015)	<ul style="list-style-type: none">Measures under development	Providing a first and co-response to medical emergencies in collaboration with partner agencies	Measured by
				Responding to civil emergencies	<ul style="list-style-type: none">Reduce the number of rural fire authorities to 20 by December 2014100% of fire authorities meet their legal obligations for adopting and reviewing their fire plansAchieve and maintain the number of vegetation fires to <100 per 100,000 population
				Responding to other incidents, e.g. floodings,	
				Measures under development	
Output	<ul style="list-style-type: none">Number of students receiving Firewise programmeNumber of students recieving Fire Awareness Intervention Programme	RESIDENTIAL <ul style="list-style-type: none">Number of smoke alarms fittedNumber of home safety visits COMMERCIAL <ul style="list-style-type: none">Advice on building consents recieved within 10 daysEvacuation Schemes processed within 20 days	<ul style="list-style-type: none">Number of fires attendedNumber of operational plans completed (against target)Response times for structure fires inside fire districts will be within 8 minutes 90% of the time for career stations (within 11 minutes for volunteer stations)	<ul style="list-style-type: none">Total number of non-fire emergencies attended<ul style="list-style-type: none">Number of medical emergencies attendedNumber of motor vehicle accidents attendedNumber of hazmat incidents attendedResponse times for non-fire emergencies meet national service delivery guidelines	<ul style="list-style-type: none">100%of audit reports to fire authorities provided within 2 months of the audit100% of performance reports to fire authorities provided within 2 months of the assessment95%of performance reports accepted by fire authorities without recourse to mediation.95% daily availability of fire weather information and the percentage updated by 3pm.
Quality	<ul style="list-style-type: none">Programme evaluation of key interventions	<ul style="list-style-type: none">Risk based rationale for activity	<ul style="list-style-type: none">100% of stations audited against operational readiness	<ul style="list-style-type: none">100% of stations audited against operational readinessProgress towards USAR accreditation meets required timelineDevelopment and implementation of incident management training for senior officers meets required timeline	<ul style="list-style-type: none">Numerous quality measures for administrative support to rural fire authorities
Output Class	Output class 1: Fire safety education, prevention and advice			Output class 2: Firefighting & other Fire Service operations	Output class 3: Rural fire leadership and coordination

There have been a number of changes to the Outcomes Framework which have been made to make it clearer and easier to understand. The revised framework:

- Introduces a single layer of outcomes which replaces the potentially duplicative presence of 'Outcome Statements' and 'Outcomes'
- A clear distinction has been made between different measures at the outcome, impact and output levels
- Throughout the document the number of measures has been reduced by removing some measures that were either duplicates or no longer meaningful

The section below details the outcome and impact measures that the Commission is seeking to obtain. This also discusses the ongoing development of reporting information available under Outcome 2.

Outcome 1 – Reduced consequence of structural fire

The highest level outcomes are to reduce the number of avoidable fire deaths and to reduce the economic loss from fire as much as is practicable.

The Commission's long time series of fire related data enables it to accurately assess the impact of fires on the country. Since 1996/97 the avoidable residential fire fatality rate has fallen from 0.97 fire fatalities per 100,000 population to as low as 0.36.

Given the small numbers this result is quite volatile. The long-term target for residential fire fatalities has therefore been set at 0.45 fatalities per 100,000 population. This is considered a feasible minimum target given the volatility in the results.

Property damage is an important indicator for the Commission as it offers the best proxy for the economic impact caused by fires. The Commission has outcome measures to limit the value of property damage to residential and non-residential buildings.

Note that the estimated amount of damage to non-residential buildings can be volatile due to the influence of a small number of high value industrial fires.

In addition, the Commission continues to monitor the incidence of fires in structures per 100,000 population. Movement in this indicator is driven by a variety of factors which include the impact of fire prevention and changing attitudes towards fire risk.

The incidence of fires is a key lead indicator in the likely prevention of fatalities. If there are less fires to begin with then there are less fires that might lead to fatalities.

Outcome Measures against Outcome 1

Achieve and maintain an avoidable residential structure fire fatality rate of less than 0.45 per 100,000 population.

Maintain the estimated dollar value of damage from fires in residential structures below \$75m per annum.

Maintain the estimated dollar value of damage from fires in non-residential structures below \$55m per annum.

Impact measures under Outcome 1

Impact measures show the connection between outputs and outcomes. Success in delivering outputs will ultimately lead to a reduction in the incidence of fires. This is delivered through three channels:

- the delivery of fire safety education to reduce risky behaviours
- improvements in the physical environment so that fires are less likely to occur (through design and technology)
- an effective operational response to fire to reduce the spread and minimise damage caused

Impact Measures against Outcome 1

Number of fires in residential structures less than 120 per 100,000 population

96% of people will believe that a fire can become unsurvivable in 5 minutes or less (for 2015)

96% of homes will have at least one smoke alarm installed (for 2015)

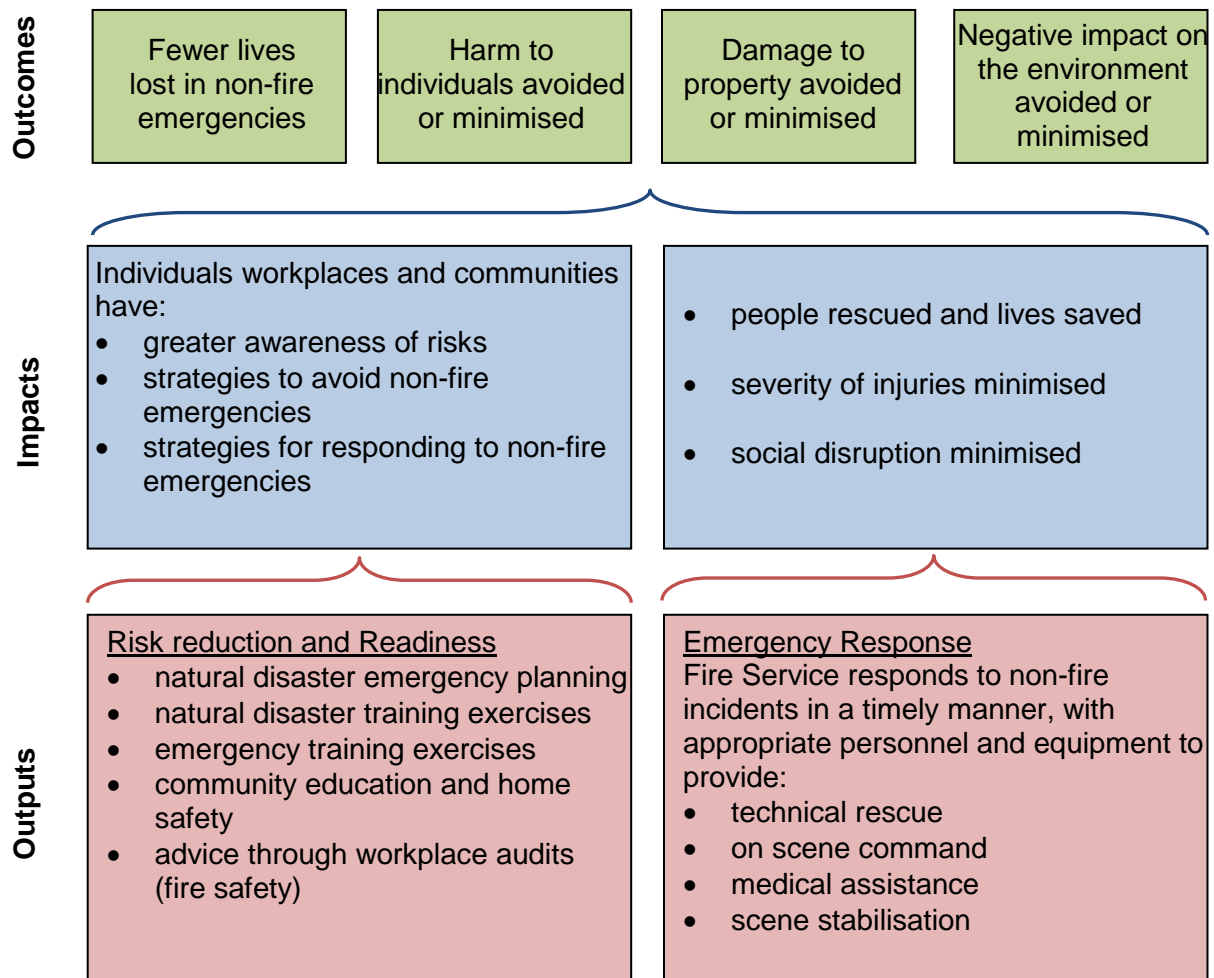
Outcome 2 – Contribute to reduced consequence of non-fire emergencies

In general, measurement surrounding outcome 2 (non-fire emergencies) is poorly developed despite the fact that it is a significant part of the fire service's workload. This is a historical issue that has arisen for a number of reasons:

- The lack of a legislative mandate for these operations has led to a cautious approach when proposing binding targets. The Fire Service Review should address this issue by confirming the role of the Fire Service in non-fire emergencies. The Commission supports a pragmatic approach to this issue. Legislation and funding aside, the simple fact is that the Fire Service is the primary responder to many non-fire emergencies. The fact that is not formally mandated does not negate the common sense need to report on these activities.
- Measurement of these areas is technically hard given the large variety of non-fire emergencies attended. A robust measurement framework for each incident category would be unwieldy and lengthy. The Commission intends to identify the most appropriate non-fire emergencies and develop relevant measures for them. This is likely to be limited to motor vehicle crashes, medical emergencies and hazardous materials incidents.
- In many non-fire emergencies, the role of the fire service is simply to manage the incident before handing over to the relevant agency. In a hazardous materials incident, the Fire Service would typically contain the spill and prevent harm to people. The environmental responsibility, remedies and ultimate resolution would lie outside the Fire Service. While this partial role is important in terms of reducing risk to the public and the environment, it is technically hard to measure the scale of the Fire Service's contribution relative to other agencies.

The Commission recognises the need for effective outcome measures in this area and has committed to developing suitable measures, or at least proxy indicators, of its performance at non-fire emergencies.

During 2009/2010 a non-fire outcomes framework was developed, pictured below, which forms a basis for the eventual development of these measures. The measures will ultimately allow a more quantitative assessment of the Fire Service's performance at these types of incident



For the current year, particular focus has come on the Fire Service's ability to successfully manage major incidents such as the Christchurch Earthquake. Under the output measures section, specific note is made of two projects aimed to improved capability at incidents of this type.

Outcome 3 - Reduced consequence of vegetation fires

The high level outcome is simply to reduce the economic loss from wildfire. In some instances this has the potential to be very significant given New Zealand's dependence on primary industry.

The Commission assesses the overall impact of its leadership and coordination of the rural fire industry through monitoring the area lost to wildfires. It also assesses the

overall size of the vegetation fire threat by monitoring the incidence of vegetation fires per 100,000 population.

Over time, these measures provide the Commission with an overview of the impact that vegetation fires have on the environment and, by proxy, its economic impact on rural communities

Outcome Measure against Outcome 3

Ensure annual area burnt by wildfires is less than 4,500 hectares

Impact measures under Outcome 3

The Commission aims to achieve an impact in the rural fire sector by raising the quality of rural fire fighting services through setting standards and auditing progress towards these. This process will be simplified through the complementary work aimed at rationalising the number of rural fire authorities.

Impact Measures against Outcome 3

Reduce the number of rural fire authorities to 20 by December 2014

100% of rural fire authorities meet their legal obligations for adopting and reviewing their fire plans

Achieve and maintain the number of vegetation fires to <100 per 100,000 population

Potential changes to the Outcomes Framework in 2013/14

The Commission is satisfied that the performance measures outlined in this document are a good step forward and that they help address some of the Fire Service Review's recommendations regarding its performance measures and quarterly reporting.

However, there is potential for more wide ranging changes to the Fire Service's strategic direction which may require further amendment to the framework. In this event the Fire Service will engage with DIA to ensure that the Minister of Internal Affairs is fully informed about any potential changes, and the most appropriate framework is implemented.

The Commission's outputs

The Commission delivers a comprehensive range of risk reduction, fire safety public education, emergency response and fire authority co-ordination services to protect New Zealand's 4.4 million residents and visitors, \$238 billion stock of buildings and 27 million hectares of forest, tussock and grasslands from fire.

The Commission's outputs are classified as follows:

- Output Class 1: Fire safety education, prevention and advice
- Output Class 2: Firefighting and other emergency service operations
- Output Class 3: Rural fire leadership and co-ordination

The outcomes framework on page 9 shows how these outputs lead to impacts which logically contribute to the Commission's overall outcomes.

Output class 1 - Fire safety education, prevention and advice
(Sections 20, 21, 21A and 29 of the Fire Service Act 1975 and sections 46, 47, 121 and 132 of the Building Act 2004)

This output class includes services to the public covering fire safety education, technical advice on building fire safety and the administration of fire safety legislation.

Output 1.1 Fire prevention and advice to the general public

This output includes the delivery of fire safety education and advice to the public, including through national advertising media. These services aim to change peoples' behaviour by improving their knowledge about fire risks and what actions to undertake to reduce those risks.

Over the last thirteen years the Commission has invested heavily in raising the public's awareness of the risk of fire with particular emphasis on home fire safety. Some of the key improvements in people's awareness of fire safety and their knowledge and behaviours are shown in the following table.

Fire Safety Knowledge	2011	1999
People who believe a fire can become unsurvivable in five minutes or less	90%	70%
Percentage of people who perceive each of the following to be a fire risk:		
Using candles in the bedroom unattended	93%	80%
Leaving cooking unattended	92%	80%
Leaving clothes close to an open fire	86%	84%
Percent of households with a working smoke alarm installed	90%	79%

Research carried out in 2006 suggested that although the Commission had made progress in raising awareness, about half of the population wanted to take fire safety action but did not know what to do. The Commission's focus therefore shifted to target behavioural change through "call to action" campaigns designed to encourage people to take their first simple precautionary fire safety actions.

The Commission has analysed its incident statistics and identified the groups most at-risk from fire and uses this information to target its national fire safety promotions. In addition, the Commission uses research from a range of independent market research organisations to support and guide the development and delivery of its programmes to these at-risk groups. Much of this research relates to understanding human behaviour and how best to reach the at-risk groups, such as children, the elderly and high deprivation communities. Two key ways of reaching these groups are through home visits and through delivering fire safety messages to children. The Commission's research shows improvements in fire safety knowledge and behaviour amongst the at-risk groups it targets.

Children will be reached through delivering fire safety education in schools using the FireWise programme and by using the Fire Awareness Intervention programme (FAIP). The Commission will also promote the installation of effective smoke alarms, particularly hard-wired alarms in residential housing, and sprinkler systems.

The Commission will continue to promote the benefits of residential sprinkler systems as a cost effective way to save lives and minimise the damage to properties from fire.

The Commission (as the NRFA) co-ordinates a national campaign to promote fire-safe behaviour in rural areas. The campaign focuses on fire prevention and making landowners and the general public aware of their legal obligations with respect to vegetation fires. The campaign is run in conjunction with the New Zealand Forest Owners Association and the Department of Conservation, and includes television and print media advertising

	Measure	SOI target
1.1.1	50% of Year 1 and Year 2 classes receive the FireWise fire safety education programme (i.e. to ensure that all students receive the programme during their first two years at primary school)	1,000 schools agree to deliver the programme in 2013/14
1.1.2	Number of people who receive the Fire Awareness Intervention Programme (FAIP)	500
1.1.3	Number of homes which have received a home fire safety check	6,000
1.1.4	Number of homes where a smoke alarm has been installed or maintained	13,000

Output 1.2 Professional and technical advice to the built environment

This output includes the delivery of fire engineering, professional and technical fire safety advice to people involved in building: standard-setting, design, development, ownership and occupation.

Section 46 of the Building Act 2004 requires building consent authorities to send to the Fire Service copies of consent applications for certain classes of buildings. Under

section 47 of the Act, the Commission may provide the building consent authority with a memorandum setting out advice on the building consent application relating to:

- provisions for means of escape from fire
- the needs of persons authorised by law to enter the building to undertake fire fighting.

	Measure	SOI target
1.2.1	100% of advice (Fire Service memoranda) provided to territorial authorities on building consent applications within 10 working days of being received.	100%

Output 1.3 Fire safety legislation (fire evacuation schemes)

In some cases, the Fire Service has a legislative responsibility to provide fire safety advice. Fire safety law relating to evacuation schemes is designed to make sure the public knows how to and can evacuate safely from a building in the event of a fire. It also ensures the Fire Service can carry out fire fighting activities unobstructed. It is the responsibility of the building owner to develop an evacuation scheme, for approval by the Fire Service, and to regularly test the scheme. The Fire Service is required to process applications for evacuation schemes within 20 working days of them being submitted.

	Measure	SOI target
1.3.1	100% of evacuation schemes submitted to the Fire Service processed within 20 working days of being received.	100%

Output Class 2 - Fire fighting and other Fire Service operations

(Sections 17N, 17O, 21A, 23 to 26, 27, 27A, 28, 28A, 29, 30, 32, 34, 35, 36, 36A, 40, and 41 of the Fire Service Act) and the provisions of the Civil Defence Emergency Management Act.

This output class includes the services the Commission provides to prepare for and suppress fires and respond to other emergencies. Other emergencies include such things as motor vehicle accidents, hazardous substance emergencies, natural disasters and medical emergencies.

Output 2.1 Operational readiness

The Fire Service's operational readiness is continually being assessed and maintained through conducting internal operational readiness assessments.

Pre incident planning ensures information is available for buildings so the Fire Service is able to take the most appropriate actions in the event of an emergency incident. The

Fire Service reviews and updates risk plans on a regular basis to ensure information remains current.

	Measure	SOI target
2.1.1	100% of stations receive an annual operational readiness audit	100%
2.2.2	100% of priority Corrective Actions Plans identified during audits are completed within the required timeframe. (Number of CAPs recorded for informational purposes)	100%
2.1.3	100% of operational plans are reviewed within the required timeframe	100%

Output 2.2 Operational responses to fire and other emergencies

This output includes the operational responses to fire and other emergencies. National service delivery guidelines are in place for responses to a range of emergency incident types.

Also included in this output are post-incident operational reviews that are carried out following major incidents the Fire Service has attended. The reviews highlight examples of good operational practice that can be shared throughout the organisation and to identify opportunities for improvement.

Timeliness measures are also reported against organisational standards. Response times have been established to provide a balance between resource availability and early intervention to minimise the consequence of emergency incidents.

	Measure	SOI target
2.2.1	Number of fire emergencies attended	N/A
2.2.2	Number of non-fire emergencies attended (total) <ul style="list-style-type: none"> number of medical emergencies attended number of motor vehicle crashes attended number of hazardous materials incidents attended 	N/A
2.2.3	100% of Corrective Actions Plans identified during post-incident operational reviews are completed within the required timeframe (Number of CAPs recorded for informational purposes)	100%
2.2.4	Response times for structure fire incidents inside fire districts will be monitored for performance against the national service delivery guidelines of: <ul style="list-style-type: none"> 8 minutes 90% of the time for career stations 11 minutes 90% of the time for volunteer stations. 	90% 90%

Output 2.3 Wider emergency management capability

This output covers the Fire Service's wider emergency management activities. There is a large volume of ongoing activity including attending Emergency Management Group meetings and other work with stakeholders.

Current activities underway are to attain international accreditation for the Fire Service's Urban Search and Rescue (USAR) team and to implement extended incident management training for senior officers.

Timeliness measures are also reported against national standards for non-fire emergencies.

	Measure	SOI target
2.3.1	Progress towards USAR accreditation meets required timeline	N/A
2.3.2	Development and implementation of incident management training for senior officers meets required timeline	N/A
2.3.3	<p>Meet or exceed national service delivery guidelines for non-fire emergencies:</p> <ul style="list-style-type: none"> • 30 minutes for motor vehicle accidents 90% of the time. • 20 minutes for incidents requiring the specialist Hazmat unit 90% of the time within major urban areas. • 60 minutes for incidents requiring the specialist Hazmat unit 90% of the time for the rest of New Zealand. • for first response to medical emergencies: <ul style="list-style-type: none"> ○ 8 minutes 90% of the time for career stations ○ 11 minutes 90% of the time for volunteer stations. 	90%

Output Class 3: Rural fire leadership and co-ordination

(Sections 14A, 17X and 46A to 46L of the Fire Service Act and Section 18 of the Forest and Rural Fires Act)

This output class covers services to provide leadership and co-ordination on rural fire management, including: establishing rural fire standards, auditing fire authorities compliance against those standards, evaluating fire authority performance under the Forest and Rural Fires Act and providing a coordinated national view on rural fire issues.

Output 3.1 Advice and support to fire authorities and rural fire committees and administration of the rural fire fighting fund and grant assistance schemes

This output covers National Rural Fire Authority (NRFA) activities to maintain an administrative infrastructure to support fire fighting services in rural areas. The NRFA provides advice including interpretation on legal matters, advice and support to fire authorities and regional rural fire committees. The NRFA provides support to rural fire committees through rural fire managers and the national rural fire officer.

This output also covers the administration of the grant assistance scheme and the Rural Fire Fighting Fund (RFFF). The grant assistance scheme provides funding support to fire authorities to help them invest in appropriate plant and equipment to help ensure they maintain an appropriate operational readiness capability. The RFFF

reimburses fire authorities for the majority of their expenses relating to putting out wildfires.

The Commission is required to carry out its activities in a transparent way. A mediation process is therefore available if fire authorities have any issues with the decision-making process for either the grant assistance scheme or the RFFF.

	Measure	SOI target
3.1.1	Percentage of fire authorities advised of the results of their grant applications (estimated at between 40 and 80 and \$1.7m in value) within two months of the application cut-off date.	100%
3.1.2	Percentage of approvals for grant assistance applications in accordance with the Commission's policy as verified by internal audit	100%
3.1.3	Percentage of fire authorities advised of the results of their claim within two months of it being lodged with the NRFA under the Rural Fire Fighting Fund.	90%
3.1.4	Percentage Rural Fire Fighting Fund claim decisions accepted without recourse to mediation	95%
3.1.5	Percentage of members of regional rural fire committees indicating satisfaction with administrative support and meeting facilitation, as determined by an independent survey.	95%

Output 3.2 Rural fire standards, audit, evaluation of fire authority performance and management of the fire weather monitoring and prediction system.

This output covers the maintenance of the rural fire standards and auditing fire authority compliance against those standards. It also includes the evaluation of fire authorities performance under the Forest and Rural Fires Act 1977 and provision of fire weather data and information to fire authorities.

Fire weather monitoring and the fire danger rating system are important tools for assessing fire risk in rural areas. The information helps fire managers assess the levels of preparedness and resources needed to extinguish fires and minimise fire losses.

	Measure	SOI target
3.2.1	Percentage of fire authorities provided with written reports within two months of audit.	100%
3.2.2	Percentage of fire authorities provided with a written draft performance report within two months of assessment.	100%
3.2.3	Percentage of performance reports accepted by fire authorities without recourse to mediation.	95%
3.2.4	Percentage daily availability of fire weather information and the percentage updated by 3pm.	100% 95%

Key focus areas for the New Zealand Fire Service

The Commission's research into the speed of fire has shown that in many cases time is a critical element that affects the consequences of fire incidents. The Commission intends to provide a timely and effective response to fires so that it can minimise the consequence of those fires. The Commission will continue to work in partnership with Police providing world class communication centres to receive and process emergency calls in a timely way, and dispatch operational resources to fire incidents. Operational firefighting resources are strategically placed within urban areas to provide a timely response to fires 24 hours every day. The Commission will ensure its staff are highly trained and able to deal effectively with a range of fire incidents. The combination of efficient call processing, strategically placed resources and well-trained firefighters will ensure that the consequences of unwanted fires are minimised.

Readiness for response to fires

The majority of the annual cost of operating the New Zealand Fire Service lies in maintaining the capability to respond to emergencies. Operational readiness is achieved by:

- ensuring firefighters are available and adequately trained for their role
- conducting a range of pre-incident planning activities and developing operational plans and procedures to inform decision-making on the incident ground
- ensuring stations are resilient and able to function in times of emergencies
- strategically locating resources to meet service delivery demands including fire appliances and equipment that is fit for purpose.

During 2010/2011 the Commission implemented a revised operational readiness assessment process. The assessment process includes:

- an annual audit of every station to assess operational readiness
- a comprehensive evaluation of each region once every five years including a check of all Fire Areas and a sample of stations against the readiness standard
- an annual sampling and moderation process conducted by an independent internal auditor to ensure consistent application of the operational readiness standard.

Training Career and volunteer firefighters will train under the Training and Progression System (TAPS) umbrella. TAPS is a unit-standard-based programme that provides a well-defined career path in terms of knowledge and experience requirements. It enables firefighters to learn at their own pace outside the work environment. In addition, a major extension to the National Training Centre in Rotorua was completed in 2011/2012. The development significantly increased the range of training able to be delivered, including improved non-fire emergency and operational command training.

Pre-incident tactical planning Pre-planning will ensure the Fire Service takes the most appropriate actions in the event of an emergency incident. Tactical plans provide information for managing incidents involving a significant specific risk (typically large industrial complexes or hospitals). Risk plans provide detailed fire risk information about individual properties to ensure the Fire Service is familiar with the layout and facilities of a particular property. The Fire Service will continue to review and update

tactical and risk plans to make sure information remains current with particular emphasis on high-risk buildings outside fire districts. Working closely with other agencies and sharing data will help to improve this aspect of the organisation's pre-planning.

Resilience: Large-scale civil defence emergencies resulting from storm damage, earthquakes, flooding, extreme snowfalls, tsunami and other events have the potential to disrupt communities for days and potentially weeks after the initial onset. The three heavy Urban Search and Rescue (USAR) teams are intended to strengthen resilience in national-level civil defence emergencies. In local-level emergencies communities look to their fire station and its resources initially as a place of refuge and later as a secure base from which the normal functions of the community can be progressively restored. In response to growing community expectations the Fire Service is increasing the resilience standards for its fire stations within the context of the existing civil defence and emergency management framework.

Resource allocation: The Commission's objective is that fire stations are optimally located through the application of a location-based mapping programme. The allocation of fire fighting resources will be enhanced by the development of a new national risk and resource model to replace the current system. The model will provide a sound basis for resource decisions and will cover strategies for:

- allocating fire fighting resources
- allocating resources for non-fire emergencies, including a range of civil emergencies
- setting the appropriate resource levels for fire safety education.

Response and recovery

The Fire Service will provide timely and tactically appropriate operational responses to fires and other emergencies. These responses will include:

- suppressing and extinguishing fires to ensure the safety of people endangered by fire and minimise the amount of property damaged by fire
- stabilising, containing and minimising the impact of emergencies involving hazardous substances
- attending incidents involving motor vehicles: for suppressing fire, for extricating people from motor vehicles, for reducing the impact of injury, and for helping to stabilise and make safe the accident location
- working to protect life and property through extrications, rescues and other special services at a range of other emergency incidents.

Service delivery guidelines for fire and non-fire related emergencies are set out in this SOI. For responses to fires in fire districts, guidelines (measured from first receipt of the call at the Communication Centre to arrival of the first appliance at the incident) are set at eight minutes for career crews and 11 minutes for volunteer crews at the 90th percentile. Further, for the purposes of internal performance management, guidelines are in place for the separately identifiable elements within response times: call processing, brigade alerting and travel time.

The Commission's approach to national service delivery guidelines is cautious. The rationale for minimising attendance times is clear: the rate of fire growth in structures is

rapid and unless fires are suppressed early, conventional suppression strategies will have little effect on the outcome once a fire is large. Nevertheless, a narrow focus on response times risks undermining other strategies likely to have a greater impact on community fire outcomes.

In addition to fire fighting, the Commission works in partnership with a range of government agencies to contribute to non-fire emergency outcomes through the provision of operational response services such as urban search and rescue. The Commission will continue to work closely with these agencies to ensure New Zealanders receive the emergency service they expect.

Key focus areas for the National Rural Fire Authority

The Commission in its role as the National Rural Fire Authority (NRFA) expects the advice, leadership and coordination services it provides will enable the 71 independent fire authorities to apply sound, well-researched approaches to forest and rural fire management. In turn better controls over lighting of fires during periods of elevated risk, improved operational readiness and increased response capability will minimise the consequences of rural fires.

The NRFA establishes rural fire policy at the national level. This includes developing and maintaining a schedule of minimum national standards, auditing fire authorities against those standards, evaluating fire authority performance and coordinating all matters relating to national rural fire control.

From 2013/2014, audits of fire authorities against the minimum national standards will increase substantially with the addition of two new standards – Assessing Fire Hazards and Achieving Timely Responses to Fires. The audit results feed into the new fire authority performance evaluation framework which was implemented in 2012/2013. The work programme of fire authority audits and performance evaluations will provide the Commission as the NRFA with a completed national baseline of RFA capability and performance by the end of 2013/2014.

The NRFA will continue to promote the amalgamation of rural fire authorities, an active strategy since 2009. The key milestones are to:

- have a regional forest and rural fire management structure based on forest and rural fire hazardscape principles;
- ensure the equity and fairness of stakeholder responsibilities;
- improve the governance and management practices of the sector; and
- improve the operational effectiveness of the sector.

To date, four regions have had a positive outcome, reducing the number of fire authorities from 86 to 71 during this time:

- Northland Rural Fire District established on 1 July 2011;
- Marlborough-Kaikoura Rural Fire District established on 1 July 2012;
- Auckland Rural Fire District established on 1 October 2012; and
- Taranaki Rural Fire District, to be established on 1 July 2013.

The benefits of amalgamation are:

- clarified rural fire management accountabilities and responsibilities
- stronger local stakeholder governance in relation to forest and rural fire matters
- improved capability and capacity of fire authorities by pooling and sharing resources and expertise
- increased safety of rural communities through better leadership and advice to land owners and the public, and creating a greater awareness of fire threats and risks to the region
- improved ability of rural fire authorities to comply with statutory obligations and meet the performance standards of the Fire Service Commission, in its role as the NRFA
- enhanced integration of fire management principles, policies, plans and practices for fire management and administration across different land-users and owners.

To support this initiative the NRFA implemented in 2010/2011 a new administrative grant to assist with the establishment and management of enlarged rural fire districts. Payment of the grant to an enlarged authority is subject to certain criteria being met including the employment of a full time General Manager/Principal Rural Fire Officer and commitment to specified fire outcomes in the authority's business plan. Good governance is a key theme, which the NRFA further supports through the delivery of its Rural Fire District Governance course. The NRFA is confident that these initiatives will lead to a more efficient rural fire sector and better fire outcomes for rural New Zealanders.

The NFRA provides leadership to improve processes for fire weather prediction by fire authorities, and the use of fire as a land management tool.

Fire weather information is used to help manage the risk posed by fire to our forest and rural environment. It is a primary input into decision making relating to rural regional fire management, supporting fire planning and prevention, fire season status management, response coordination and communication with land managers and the public.

In support of this, the NRFA replaced the aging legacy fire weather system, acquired from the Canadian Forest Service in 2002, during 2012/2013. The new system now:

- meets statutory requirements more completely and on a sustainable basis
- better informs emergency management decision making
- improves fire weather forecasting capability.

The NRFA will also co-ordinate national promotions during the fire season by organising advertisements for national television, radio and print media, and maintain skilled National Incident Management Teams for better responses to large-scale wildfires.

The operating environment

This section is intended to provide the reader with an overview of the context in which the Fire Service and the National Rural Fire Authority operate. It includes information on:

- how the Fire Service and National Rural Fire Authority are organised and managed
- the human, physical and capital resources the Commission has at its disposal
- current key issues under management

Response to Christchurch Earthquake and other significant incidents

The 2011 Christchurch Earthquake was a significant challenge for the Fire Service. The Pike River coalmine disaster also raised questions of how the Emergency Services can best work together at these type of incidents.

The Fire Service believes that it got many things right in Christchurch and is proud of the way in which its personnel, career and volunteer, responded to events.

It also recognises that in some cases it could have done things better. To this end, the Fire Service commissioned two reviews of its performance in Christchurch; the first conducted by the Service's internal audit team and the second by Simon Pilling, Chief Executive and Chief Fire Officer of the West Yorkshire Fire & Rescue Service.

Additional findings on the Fire Service's response are contained in the 'Review of the Civil Defence Emergency Management Response to the 22 February Christchurch Earthquake'. Furthermore, the Fire Service's performance at the CTV Building collapse was also subject to a rigorous coronial inquest.

A programme of work is underway to improve the Fire Service's operational capability, specifically its ability to respond to major incidents. Highlights of this work include:

- Operational readiness policies and standards have been reviewed with each Fire Station now subject to an annual audit
- Development and implementation of a National Response Plan, which is tested through an annual exercise
- Policy has been updated for operations centres (command centres for major events). Further investment has been made in these centres to ensure that they are all now adequately equipped
- Specific attention has been given to improving incident management through the provision of more and better quality training to officers
- Seismic strengthening work continues towards the goal of ensuring that all fire stations remain fully operational after a major earthquake.

Quantifying New Zealand's exposure to fire

The Commission's mandate covers the 4.4 million citizens and visitors at risk from fire in New Zealand every day. The total value of building stock at risk from fire is estimated at \$238.2 billion¹ of which \$161 billion is attributable to residential dwellings, \$18.9 billion to industrial buildings, \$35.5 billion to commercial buildings and \$22.8 billion to other building types. Land use also presents a major fire risk in the New Zealand environment, with 6.4 million hectares in natural forest, 1.8 million hectares in plantation forests, 13.8 million hectares in pasture and arable use and 5.2 million hectares in other non-forested lands. Estimating the value of these land uses is problematic but the value of the plantation forest asset alone exceeds \$35 billion.

The urban and rural fire environments

The fire environment in New Zealand may be considered in two distinct categories; the built environment (dominated by industrial, commercial and residential structures, community infrastructure and social amenities) and the land environment (dominated by large areas of cultivated crops, plantation forestry, forest, land reserved for conservation values but also covering isolated dwellings and rural amenities). The table below compares and contrasts the characteristics of the Commission's risk management approach to the two distinct fire environments.

Built Environment – urban	Land Environment – rural
A single national agency (the Fire Service) responsible for emergency response across almost all urban areas	Seventy-one fire authorities responsible for response to vegetation wildfires in association with the Fire Service
Fire safety education delivered to tightly defined at-risk groups in the general public through national media, schools, marae etc	Campaigns on the safe use of fire in the rural environment targeted at land managers, rural landowners and contractors
The Building Code specifies the performance standards buildings must achieve for fire safety purposes	The annual Fire Plan prepared by fire authorities prescribes the fire control measures that apply in the fire district
Approved evacuation schemes prescribe the measures to be adopted in public buildings to ensure the occupants can safely exit the building in the event of fire.	A national fire weather monitoring system alerts fire authorities to periods of elevated fire danger so restrictions on lighting fires in the open may be imposed
Fires predominantly extinguished with water drawn from reticulated water supplies or tankers in special cases	Fires extinguished or contained with a mix of wet and dry fire fighting techniques or left to burn according to the risk
Specialist appliances required for particular urban fire risks (multi-storey buildings, tank farms, ports, etc)	Light 4 x 4 vehicles, off-road tankers and backpackable plant required for use in remote and rugged territory

¹ Business and Economic Research Ltd (BERL) *Cost and managing the risk of fire in New Zealand*, March 2005.

Built Environment – urban	Land Environment – rural
Reliance on career staff and volunteers able to respond at a few minutes notice	Significant reliance on the Fire Service, the 3,500 rural volunteers and contractors able to respond at a few hours notice
All fire fighting plant owned or permanently controlled by Fire Service to ensure instant availability	Contractual arrangements in place to ensure contingent capability (helicopters, bulldozers etc) available at short notice
All costs associated with fire suppression carried by the Fire Service	Costs associated with fire suppression can be recovered from liable parties
Services funded by a Fire Service levy on contracts of fire insurance.	Services funded through territorial authority rates, liable party payments, parliamentary appropriation and levy

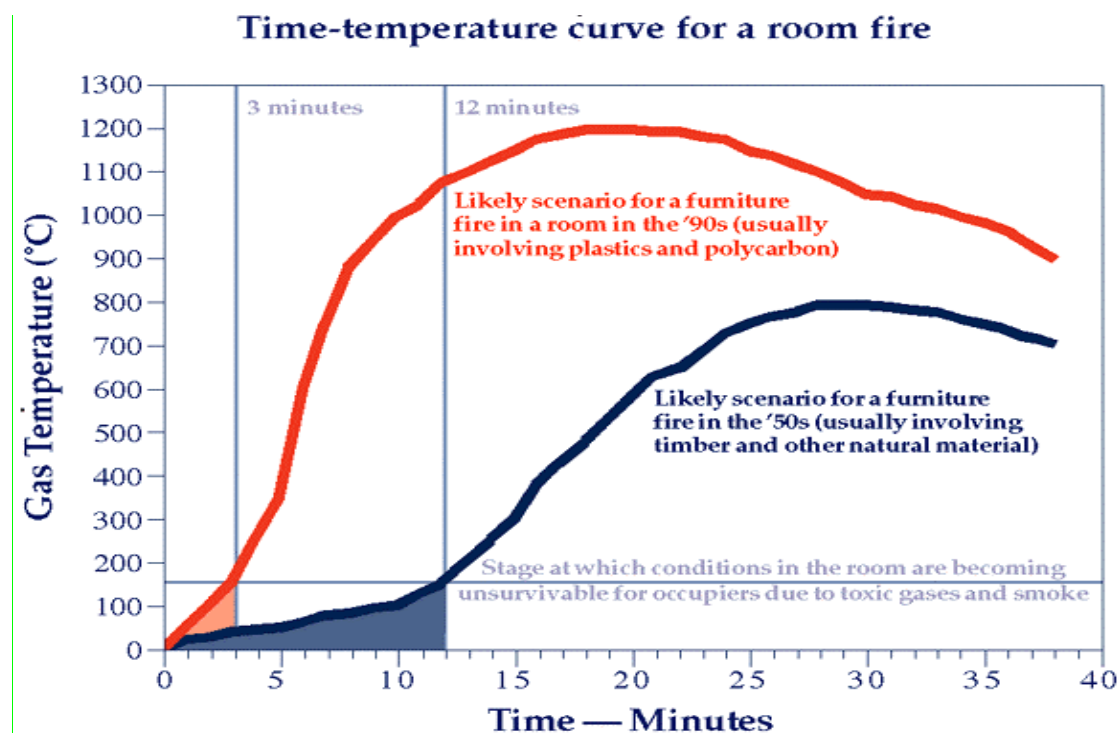
Why response alone is not an effective life risk management strategy

In considering strategies to reduce the consequences of fires for people it is important to understand the nature of fire and how it has changed over time. Since the 1950's there has been a significant change in the nature of urban fires:

- Flashover occurs sooner:
 - mid-1950s 12-15 minutes
 - mid-1990s 3-7 minutes.
- Temperatures recorded at the ceiling level have increased:
 - mid-1950s 750°C
 - mid-1990s up to 1100°C.

These key changes are attributable to:

- increased fire loading through the use of plastics and other polycarbonate materials in furniture and fittings. These materials also produce higher volumes of toxic gases like hydrogen cyanide, hydrogen chloride and carbon monoxide
- increased insulation. This has the effect of keeping the heat in, similar to an oven.



The time from when a fire starts to when it becomes unsurvivable has reduced, in some cases, to less than five minutes. Accordingly response is no longer effective in reducing the consequences of fire for people and to a lesser extent property. Put simply this means that the Fire Service cannot be expected to arrive soon enough to save lives in house fires.

The change in the speed of fire growth highlights the need for an increasing focus on fire safety education. Fire risk reduction through education is critical and is a key driver for the services provided to New Zealand communities. Again put simply, saving lives in house fires is achievable primarily through either avoiding the fire in the first place

(fire prevention) or ensuring that occupants are warned of a fire and can escape the property (fire alarms and evacuation procedures).

Resources

The Commission is able to call on the following resources to deliver its fire safety public education, risk reduction programmes, emergency response services and rural fire co-ordination.

New Zealand Fire Service

- 345 gazetted urban fire districts
- 436 fire stations and their associated plant and equipment.
- 1,700 career firefighters, 8,000 volunteer firefighters, 85 specialist fire safety officers and 10 professional fire engineers.
- 800 fire appliances and operational response equipment for dealing with fires and other emergencies.
- Three specialist Urban Search and Rescue teams located in Christchurch, Palmerston North and Auckland.
- 17 Hazmat Command vehicles, fully equipped with fit for purpose technology and serving as multi-agency incident command centres during major events or incidents.
- Three communication centres and 75 staff that receive emergency calls from the '111' and private fire monitoring systems and dispatch resources from local fire stations to emergencies.
- Signal transport & message handling network that connects automated fire alarms in over 6000 commercial properties to the communication centres.
- Eight regions and 25 areas located around the country to provide leadership and support services and to fire stations.
- 360 management and support staff.

National Rural Fire Authority

- The National Rural Fire Officer and five Regional Rural Fire Managers.
- National fire weather system that monitors fire danger and provides national and regional rural fire hazard prediction and warnings
- Fire weather stations network that collates the data collected by over 180 weather stations (owned by station owners) for the production of the fire weather maps
- National alerting capability through the three communication centres.
- Three national incident management teams.
- Funding for grants to rural fire authorities for equipment, appliances and enlarged Rural Fire District administration
- The New Zealand Rural Fire Response Team, consisting of over 30 trained fire crews, available for domestic and international deployments
- Rural fire mediators (6), appointed to investigate and determine matters in relation to rural fire control.

Better Public Services

Any analysis of the value fire services deliver for the money they spend requires an understanding of the cost structure of an emergency response service. The majority of the costs incurred in operating any emergency response service lies in being ready to respond. It makes little difference to the overall costs of the Fire Service whether it responds to 10,000 incidents per year or 70,000 incidents per year. The marginal financial cost to the Fire Service of responding to another incident is very low relative to the cost already incurred in standing ready to respond.

While most of the costs of maintaining emergency capability are fixed, the Commission actively seeks to ensure its standing cost base is as efficient as possible. The two primary drivers being people (frontline (career/volunteer) / back office) and assets deployed.

A wide range of goods and services supporting emergency response including electricity, diesel, travel and protective clothing are purchased under national procurement arrangements that regularly test the market for best value. Significant capital items such as fire appliances, pumps, communications and IT equipment are all procured through competitive tender exercises and where appropriate whole-of-life costs are carefully factored into the tender evaluation process.

Value for money for the Commission lies with

1. careful control of the cost base,
 - a. Alignment of the cost base with the provision of operational resources.
 - b. Monitoring of and management of back office resources to align with service delivery.
2. strategies designed to maximize value from the existing capital and human investment.
 - a. Use of the National Resource Allocation Model to efficiently deploy resources
 - b. The use of Minimum shift staffing to ensure not only worker safety but also efficiently crew operational stations.
 - c. Adoption of specific fleet strategies to optimally deploy and plan for future service delivery.
3. Securing its volunteer work force.
 - a. Volunteer sustainability programme
 - b. Ensuring viable and sustainable representative and advocacy bodies.
 - c. Provision of grants, support and appropriate resources.
 - d. Making it easier for volunteers by reducing administration and focusing their time commitment to what is important to them.
4. Collaborating with other service organisations to avoid duplication of effort, resources and skills.
 - a. Removing Area and Regional barriers and delivering wider emergency response to communities in New Zealand through Urban Search and Rescue.
 - b. Response agreements between Fire Authorities and the Fire Service to provide an immediate response to alarms to vegetation and structure fires in rural areas and to provide the first hour of attendance free. This

- approach enables fire authorities to avoid the cost of establishing an immediate response capability to the benefit of their ratepayers
- c. Agreements with ambulance service providers for the Fire Service to automatically respond to certain classes of incident where the ambulance arrival may be delayed or where the earlier arrival of a fire appliance with limited medical capability would still make a significant difference to the clinical outcome
 - d. Provision of a wide range of intervention services for emergencies as diverse as gas leaks, high angle rescues, motor vehicle extrications. Such added value services are estimated to save the agencies with statutory jurisdiction for the outcomes many millions of dollars. Work underway this financial year will enable the value of these services to be estimated more reliably.
 - e. Partnering with remote urban communities to deliver emergency response cover through the provision of property, fleet, equipment and training.

In the 2012/13 financial year \$4.1 million of ongoing cost savings were targeted and achieved. The Commission does not have a specific cost savings target in 2013/14 due to a focus on the capability enhancement programme, the implementation of the revised firefighter remuneration structure, the continued investment in seismically strengthening buildings and the commencement of the Christchurch rebuild. However, the Commission has imposed a savings target of \$5 million in 2015/16 and an additional \$2.5 million in 2016/17. This represent a total of \$11.6 million of ongoing savings when compared to the 2012/13 gross expenditure budget.

Shared Services

The Commission is committed to collaborating with other government agencies to ensure that an efficient and effective fire and rescue emergency service is provided to New Zealand communities. The main area of collaboration are shared services in the communication centres environment, radio networks, procurement, geospatial data and command and control vehicles.

Communication centres

- Premises and technology are shared with New Zealand Police. The Computer Aided Response and Dispatch technology platform, which is used to receive emergency calls and dispatch firefighting resources, is shared in the three co-located communications centres in Auckland, Wellington and Christchurch.
- The shared technology services with New Zealand Police are governed by the Shared Information Technology Environment (SITE) agreement, first signed in 1996 and last updated in 2012.
- Emergency call taking has been “virtualised” between the Fire Service, New Zealand Police and St Johns Ambulance. This means that any of the three agencies is able to answer emergency calls and create an emergency event for each other.
- The Fire Service's Auckland communication centre provides the early warning alert system (for example: tsunami alerts) for the Ministry of Civil Defence and Emergency Management (MCDEM). This arrangement is governed by a memorandum of understanding (MOU) between the Commission and MCDEM.

- Shared paging in-fill transmission sites with St Johns Ambulance to improve coverage of the paging network to firefighters.

Digital radio network

- The Fire Service currently shares Police's nationwide analogue radio network.
- The Fire Service is currently transitioning to the Police metro digital radio network in Auckland, Wellington and Christchurch under the SITE agreement framework.

All of Government initiatives

- The Fire Service current leverages off the Ministry of Economic Development syndicated procurement contract for PC devices.
- The Fire Service and Police have a joint emergency services geospatial data contract in place. This contract is offered as a syndicated procurement option to other government agencies.

Co-Location of Stations

- The rebuilding of Christchurch will see a number of opportunities for Government agencies to share physical resources such as stations. The most significant will be the Justice and Emergency Services precinct where Justice, Police, Fire Service and other agencies will co-locate. As we plan and commit to rebuilding other sites in Christchurch we will look for further opportunities to co-locate with partners thereby maximizing the value of public dollar expenditure.
- In other locations around New Zealand as we commit funding for new or significant rebuilds, we will explore opportunities for co-location with partner agencies. There has been high level agreement from both Police and St John Ambulance for a default co-location as first approach to new buildings.

Geospatial data

- Under the MOU with MCDEM, the Fire Service provides geospatial data, staff and resources to the National Crisis Management Centre in times of national emergencies.

Command and control vehicles

- The Fire Service has 17 Hazmat Command Units located strategically throughout New Zealand. The vehicles are fully equipped with fit for purpose technology and are used as multi-agency incident command centres during major events or incidents. They were recently utilised by Police and fire authorities for major events.

Programme evaluations

The Commission is committed to ensuring all the services it delivers represent value for money. To underpin this commitment it regularly contracts research from independent organisations to evaluate the effectiveness and efficiency of key programmes. Over the past decade, the Commission's Contestable Research Fund has generated a significant body of research advancing our knowledge of fire prevention and fire management.

At an operational level, the recent restructuring of the Fire Service's senior management team introduced the role of Change Director. The accountabilities of this role will also include improving the organisation's maturity concerning project investment and effective benefit realisation. The development of more effective project governance will help provide assurance that the organisation is also doing things the right way (i.e. applying project discipline commensurate with the value and risk of the investment).

Organisational capability

This section describes the way the Commission will address its organisational health and capability requirements over the next three years.

People and partnerships

The Commission's staff and volunteers are central to the achievement of its mission and vision. Accordingly, the Commission employs an extensive range of programmes to ensure organisational capability is continuously enhanced and that our workforce of employees and volunteers is offered challenging and satisfying work. The Commission's people initiatives over the next three-years include:

Sustainable and integrated workforce

- Attraction and retention initiatives focused on specialist operational and support roles.
- Initiatives to ensure the long-term sustainability of our volunteer workforce.
- Return to work and rehabilitation programmes to reduce the impact of injury and illness on individuals and on our overall capability and capacity.
- Resource modelling to plan for our future capability and capacity needs.
- Enhancement of the employer recognition programme aimed at providing recognition to the employers of Fire Service volunteers.
- Development of recruitment resources and strategies to support volunteer brigades in attracting sufficient volunteers.
- Diversity initiatives focused on attracting and retaining a workforce that is reflective of the communities we serve.
- Review procedures and processes in place in Fire Brigades to deal with issues of fair treatment and the avenues available to raise concerns

Credible and effective leadership

- Talent assessment and development programmes for current and future high potential leaders.
- Introduction of development roles focused on ensuring sufficient future leaders are available to the organisation.
- Succession planning for core organisational, specialist and senior roles.
- Executive officer development programmes for volunteer officers.
- Enhancement of leadership component of our training and progression programmes for officers and executive officers.
- Individualised development initiatives for senior leaders.
- Induction programmes for new volunteer and career leaders.

Engaged and committed workforce

- Programmes to engage our people in business planning activities.
- A focus on enhancing organisational communication.
- Management processes to ensure contributions at an individual level are directly linked to organisational outcomes.
- Career development programmes for specialist, technical and support positions.
- Recognition and reward initiatives for our volunteer workforce.
- Maintenance of regular forums to work in partnership with workforce representative groups.

- A code of standards aligned to the State Services Commission Standards of Integrity that promotes appropriate behaviour and ethical conduct.

Accountable, capable and skilled workforce

- A comprehensive suite of training programmes to support staff throughout their careers.
- Operational skills development focused on ensuring core skills are effectively maintained.
- Streamlined, simplified recruitment processes to facilitate the selection and induction of capable, skilled staff.
- Provision of study grants annually to support up-skilling and qualification enhancement.
- Safety management initiatives focused on developing a positive safety culture.
- A review of the support services and programmes provided to staff to support their overall health and welfare.

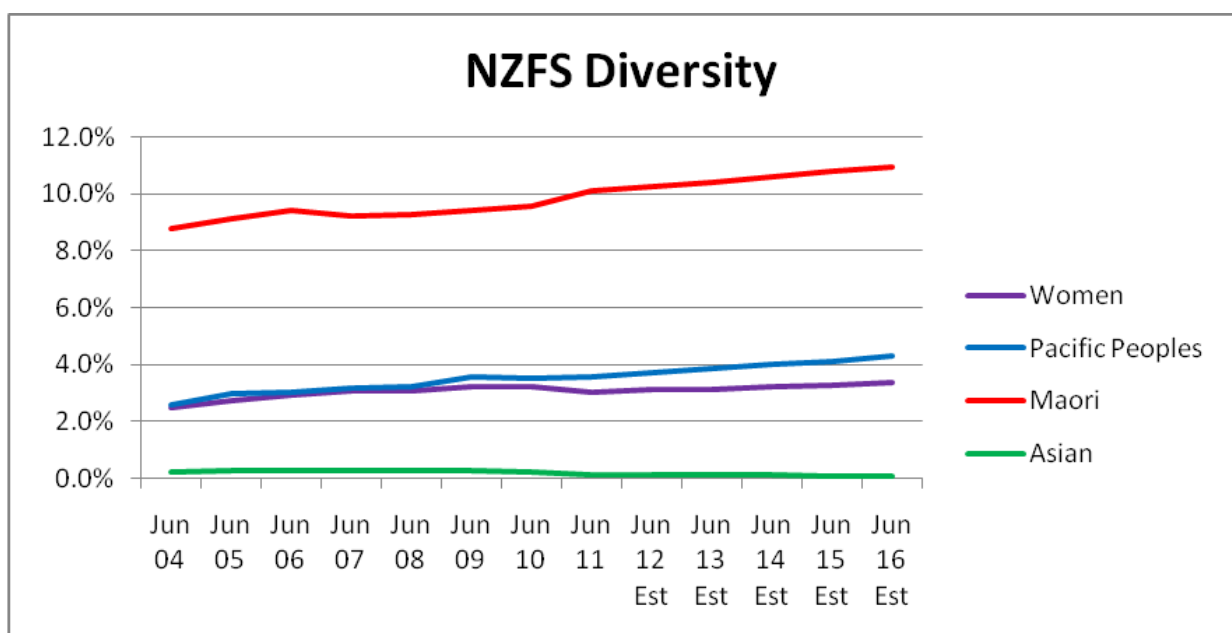
Flexible and responsive work environment

- Implementation of alternative brigade roles and structures for volunteer brigades to ensure they have sufficient personnel to undertake the full range of brigade activities.
- Alignment and integration of core terms and conditions of employment to ensure these are flexible enough to meet changing organisational and operational needs.

Sustainable and effective resource deployment

- Alternative resourcing models to enable more effective matching of resources to demand.
- Development of a capacity planning model to enable us to predict and respond to future changes.

This graph shows the current and projected diversity of career firefighters. Projections are based on the current staff turnover rates and the estimated recruitment pattern for the next three years.



Good employer

The initiatives outlined under the "people and partnerships" section above reflect the seven elements of "The Good Employer" set out in section 118 of the Crown Entities Act 2004.

1. Leadership, accountability and culture
2. Recruitment / selection and induction
3. Employee development, promotion and exit
4. Flexibility and work design
5. Remuneration, recognition and conditions
6. Harassment and bullying prevention
7. A safe and healthy workforce

Through these initiatives the Commission aims to attract and retain volunteers and career staff and build a motivated, competent and skilled workforce reflective of and responsive to the community.

Stakeholder consultation

The Commission is committed to consultation and open dialogue with a wide range of stakeholders. These include the UFBA (representing the volunteer fire brigade sector), the New Zealand Professional Firefighters Union, the Executive Officers Society, Local Government New Zealand, the Ministry of Building, Innovation & Employment, and representatives from the forest and insurance industries.

In 2013/2014, the Commission will continue its long-standing programme of stakeholder visits with a series of functions in metropolitan and regional centres. These functions provide an opportunity for the board to meet a broad range of stakeholders and partners in fire safety including local government and community representatives, the private fire protection industry, public agencies and voluntary groups.

Asset management

The Fire Service is a capital intensive business. The 2011/12 Annual Report showed that the Commission held more than \$500 million in property, plant and equipment. Ensuring these capital assets are properly maintained, updated and renewed is a critical issue for the Commission. The principles and philosophies underpinning the Commission's asset management strategy include:

- land and buildings should be owned and not leased, due to the strategic location of fire stations and the likely length of ownership. (>50 years)
- red fleet vehicles (operational fire appliances) should be owned not leased, due to their long service life (20 – 25 years) and their bespoke nature
- white fleet vehicles (non-operational vehicles such as cars) should be leased unless it is determined that it will be more cost effective to own them
- leasing is an asset management tool as well as a financing tool and both have to deliver positive benefits
- property co-location with other emergency services as a general rule is supported although actual decisions in any instance are considered on a case by case basis
- seismic strengthening is a priority and should be undertaken on a “riskier buildings first” basis with a schedule to get all properties up to standard over the next five years
- Canterbury earthquake relocation and rebuild decisions should be undertaken following the completion of consultation with appropriate bodies. Interim decisions should place priority on safeguarding personnel and equipment until final relocation and rebuild decisions can be made.

Fire Appliances. The entire "red" fleet of 800 plus appliances is managed on a whole of life maintenance and replacement cycle. Each class of appliance has a target useful life based on anticipated work load, maintenance and repair cost, and obsolescence. To maximize their value appliances are cascaded throughout the organisation depending on the specific requirements of the stations and type of appliance. The Commission expects to take delivery of an average of 30-40 new appliances per year over the next three years.

Fire Stations. The Fire Service operates from some 437 fire stations. All fire stations are on a long term maintenance and replacement schedule. In 2013/14 the Commission will expend over \$20 million on its property portfolio. The Commission's focus, in addition to ongoing replacement and maintenance continues with its seismic strengthening programme and stabilisation of its earthquake impacted properties prior to sourcing land and building new stations.

Overall the Commission monitors its performance against the national service delivery guidelines to assess whether it has sufficient resource to meet its demand for response services.

How we will assess organisational capability

Organisational health and capability

Achieve improved diversity of the NZFS workforce so that it better reflects the communities we serve. Targets for June 2014 are:

- 11% of operational firefighter will be of Maori origin.
 - 4.25% of operational firefighters will of Pacific People origin.
 - 5.5% of operational firefighters will be female.
-

Sufficient volunteers are available to volunteer brigades so they can meet their community obligations.

Maintain annual employee turnover rates below:

- 15% for management and support and communication centre staff
 - 6% for firefighters.
-

Financial Health

Over the next few years the Commission faces heavy demands on its budget through the rebuild of Christchurch, the seismic strengthening programme and other projects and initiatives. The Commission however, is still projecting sufficient income to cover operating costs without reference to its balance sheet. However, in the event of a liquidity issue developing the Commission does have the ability to strongly influence non contractual cash, access its levy equalisation reserve (backed by cash) or ultimately access bank facilities supported through its strong long term balance sheet.

Ensuring that revenue is used optimally is a balance between meeting the organisation's short term operating requirements and recognising its future needs. This means that the Commission must apply strong financial control to its current spending whilst retaining adequate reserves to pay for known (and unpredictable) future expenditure.

Revenue is primarily used to:

- meet the ongoing cost of delivering all of its services day by day
- sustain the annual capital expenditure programme that replaces and maintains the asset base
- meet the annual requirements of the Rural Fire Fighting Fund.

The fire service levy is the Commission's primary revenue source and must be sustainably managed. This requires consideration both to the retention and growth of existing levies and the identification of those not meeting their statutory obligations.

Effective balance sheet and reserves management is critical for the Commission's financial health given that there are significant future costs and a degree of uncertainty surrounding revenue growth.

The reserves reflected in the Commission's cash and investments are held to meet:

- national level emergencies and international deployments
- unanticipated shocks to income from the Fire Service Levy
- claims on the Rural Fire Fighting Fund
- rebuild of Christchurch facilities following the earthquakes.
- Seismically strengthening buildings throughout New Zealand.
- net current liabilities of the organisation.

In order to monitor its performance the Commission reviews the following forecasted measures:

Measure	Purpose
Actual income (levy and other income), expenditure and surplus/deficit (measured against budget and forecast)	Monitor organisational progress and determine where action needs to be taken on a timely basis
Projected net investments (minimum net investments of \$25,000,000 to meet reserve requirements)	Ensure that the Commission remains within the prudential limits it has set itself

Capital cash flows (measured against forecast)	An indicator that programmed capital investment sustains the Commission's asset base.
Rural Fire Fighting Fund	Ensuring sufficient funds are held to meet statutory & claimant demands.

Consultation and Reporting to the Minister of Internal Affairs

Consultation with the Minister

The Commission is committed to a “no surprises policy” for new initiatives, operational events and overall policies. The Commission will provide its responsible Minister with accurate, relevant, complete and timely information to ensure the Minister’s decisions and responsibilities with respect to the Commission can be carried out on a fully informed basis.

Reporting to the Minister

The Commission will provide quarterly progress reports to the Minister against the national goals, 2013/14 Statement of Forecast Service Performance and financial reports, key initiatives and other information as required. The quarterly reports will be provided within the following timeframes:

Quarter	Timeframe – no later than
1 July 2013 to 30 September 2013	25 October 2013
1 October 2013 to 31 December 2013	21 February 2014
1 January 2014 to 31 March 2014	24 April 2014
1 April 2014 to 30 June 2014	25 July 2014

Processes in relation to acquisitions

The Commission does not have any proposals or intentions to acquire shares or interests in companies, trusts or partnerships.

Other matters

The Commission has included all the information it believes is reasonably necessary for gaining an understanding of its intentions and directions.

Statement of responsibility

The information on future operating intentions of the New Zealand Fire Service Commission for the year ending 30 June 2014 contained in this Statement of Intent 2013-2016 has been prepared in accordance with sections 141 and 142 of the Crown Entities Act 2004.

As members of the New Zealand Fire Service Commission we acknowledge that, in signing this statement, we are responsible for the information contained in this Statement of Intent 2013-2016.

The New Zealand Fire Service Commission is responsible for the prospective financial statements presented, including the assumptions underlying the prospective financial statements and all other disclosures.

The prospective financial statements and assumptions and the forecast statement of service performance have been prepared to meet the requirements of the Crown Entities Act 2004.

We certify that the information contained in the Statement of Intent 2013-2016 is a fair and reasonable reflection of the New Zealand Fire Service Commission's operating intentions.



Rt Hon Wyatt Creech
Chair
10 April 2013



Dave McFarlane
Deputy Chair
10 April 2013

Prospective financial statements and assumptions

Use of information contained in these prospective financial statements

Caution should be exercised when using the information contained in these prospective financial statements. The information has been prepared to meet the requirements of the Crown Entities Act 2004 and may not be appropriate for any other use. The Commission has complied with Financial Reporting Standard 42 Prospective Financial Statements (FRS-42) in the preparation of these prospective financial statements.

It should be noted that the financial statements included in this Statement of Intent are prospective. The prospective financial statements contain no actual operating results and actual achievement may materially differ from the prospective figures stated. These prospective financial statements are based on significant financial assumptions detailed below. Any change to these assumptions during the year will not be reflected in these financial statements.

Significant assumptions

To the extent known, the impacts on the Commission of the current economic climate have been factored into the prospective financial statements, including:

- conservative levy and income growth off the back of the Canterbury earthquake, uncertainty surrounding levy avoidance schemes and underpinned by low economic growth
- salaries and wages growing in line with CPI
- the demand for capital expenditure for high priority projects (seismic strengthening, earthquake repair work, replacement of appliances, stations and equipment, all of Government initiatives) continues to outstrip available funds resulting in reduced cash and investments and increased depreciation and financing charges
- increased cost of supplies and services including fuel, utilities and rates.

Other significant assumptions in the prospective financial statements for 2013/2016 are summarised in the following bullet points and table:

- the organisation structure will continue to evolve as the regional realignment is embedded
- the current range of services will be in place throughout the period however with growing emphasis on non-fire emergencies
- firefighter callbacks and long-term sick leave will be actively managed within the agreed budget parameters.

New Zealand Fire Service Commission Statement of Intent 2013/2016

	Ref	2013/14	2014/15	2015/16
Levy rate		7.6c	7.6c	7.6c
Levy base growth	1	2.2%	2.1%	2.3%
Cash rate	2	3.25%	4.5%	4.5%
CPI	2	1.2%	2.2%	2.9%
USD/NZD	2	0.85	0.76	0.70
EUR/NZD	2	0.64	0.59	0.55
AUD/NZD	2	0.85	0.80	0.82
Diesel price (excl GST)		\$1.35	\$1.40	\$1.50
Petrol price (excl GST)		\$1.90	\$2.00	\$2.10
Salaries and wages - operational	3	4.52%	3.11%	3.41%
Salaries and wages - non-operational		2.5%	2.5%	2.5%
No of Recruits	4	60	60	60
Additional Crews	5	0	0	0
Establishment - operational	6	1722	1722	1722
Establishment - non-operational	6	572.6	572.6	572.6
Callbacks - sick leave, projects etc		12.8	12.8	12.8
Callbacks - long term sick		1.0	1.0	1.0
Statutory day adjustment (# shifts)		27	29	31
UFBA Funding	7	\$2,723k	\$2,865k	\$3,336k
Contestable Research Fund		\$550k	\$550k	\$550k
Enlarged Rural Fire District Grants	8	\$1,645k	\$1,756k	\$1,756k
<ol style="list-style-type: none"> 1. Increase on baseline levy only. 2. Base data from BNZ Strategist 21 March 2013. June end of year figures quoted. 3. This is the base rate increase for operational staff only. There are different (higher) increases for callbacks, overtime, call outs, allowances owing to the change in calculation of the current tabled offer 4. May vary from 12 to 24 recruits on a course. Could potentially increase to 90 recruits if the relieving roster uptake increases 5. This may increase with implementation of relieving rosters. 6. Establishments per the Organisation chart. 7. These amounts are still to be approved by the Commission. At the March 2012 Commission meeting approved funding was \$1,820k for 2012/13, \$1,865k for 2013/14 and \$1,805k for 2014/15. 8. Fire Review Panel recommendations suggests funding may need to increase. Based on this, these amounts have been increased by \$500k per year from current agreed figures. 				

Prospective financial statements**Prospective statement of comprehensive income**

for the years ending 30 June

	Budget 2014 \$000	Forecast 2015 \$000	Forecast 2016 \$000
Revenue			
Levy	335,801	339,939	349,237
Other revenue	9,405	9,446	9,405
Total revenue	345,206	349,385	358,642
Income	3,197	4,137	3,521
Total revenue and income	348,403	353,522	362,163
Expenditure			
Employee and volunteer benefits expenditure	229,676	234,494	241,334
Depreciation	34,493	38,693	40,475
Amortisation	4	4	4
Finance costs	827	806	764
Other expenditure *	81,540	78,690	79,565
Total expenditure	346,540	352,687	362,142
Net surplus attributable to the Commission	1,863	835	21
Net surplus attributable to the Rural Fire Fighting Fund	-536	-651	250
Net surplus attributable to the owners of the Commission	1,327	184	271
Other comprehensive income			
Gains on revaluation of land and buildings net of impairment losses	15,163	14,284	12,556
Total comprehensive income attributable to the owners of the Commission	16,490	14,468	12,827
* Other expenditure			
Fleet	13,837	14,130	14,575
Communications and computer	14,489	14,767	15,298
Occupancy	15,289	13,828	13,974
Operational clothing, equipment and consumables	10,775	10,595	10,341
Travel	6,627	6,587	6,421
Publicity and advertising	5,546	4,846	4,846
Other	14,977	13,937	14,110
Total other expenditure	81,540	78,690	79,565

Prospective statement of changes in equity

for the years ending 30 June

	Budget 2014 \$000	Forecast 2015 \$000	Forecast 2016 \$000
Equity at beginning of year			
Accumulated funds	463,864	465,726	466,563
Levy Variability Reserve	10,000	10,000	10,000
Major Emergencies Response Reserve	15,000	15,000	15,000
Revaluation reserves	51,825	66,988	81,272
Rural Fire Fighting Fund	1,898	1,362	711
Total equity at beginning of year	542,587	559,076	573,546
Changes in equity during year			
Transfers from statement of comprehensive income			
Accumulated funds	1,863	835	21
Levy Variability Reserve	0	0	0
Major Emergencies Response Reserve	0	0	0
Revaluation reserves	15,163	14,284	12,556
Rural Fire Fighting Fund	-536	-651	250
Total comprehensive income	16,490	14,468	12,827
Transfers from disposal of land and buildings			
Accumulated funds	0	0	0
Revaluation reserves	0	0	0
Total transfers from disposal of land and buildings	0	0	0
Total changes in equity during year	16,490	14,468	12,827
Equity at end of year			
Accumulated funds	465,727	466,561	466,584
Levy Variability Reserve	10,000	10,000	10,000
Major Emergencies Response Reserve	15,000	15,000	15,000
Revaluation reserves	66,988	81,272	93,828
Rural Fire Fighting Fund	1,362	711	961
Total equity at end of year	559,077	573,544	586,373

Prospective statement of financial position

as at 30 June

	Budget 2014 \$000	Forecast 2015 \$000	Forecast 2016 \$000
Assets			
Current assets			
Cash and cash equivalents	69,795	56,243	51,197
Trade and other receivables	2,516	2,516	2,516
Prepayments	802	802	802
Inventories	27	27	27
Total current assets	73,140	59,588	54,542
Non-current assets			
Property, plant and equipment	582,736	611,154	635,169
Intangible assets	7,388	4,558	2,619
Total non-current assets	590,124	615,712	637,788
Total assets	663,264	675,300	692,330
Liabilities			
Current liabilities			
Trade and other payables	28,723	27,132	28,876
Employee and volunteer benefits	27,325	26,839	29,853
Borrowings	1,703	2,476	2,814
Provisions	1,551	1,551	1,551
Total current liabilities	59,302	57,998	63,094
Non-current liabilities			
Employee and volunteer benefits	34,605	34,605	34,605
Borrowings	7,227	6,287	5,576
Provisions	3,053	2,866	2,682
Total non-current liabilities	44,885	43,758	42,863
Total liabilities	104,187	101,756	105,957
Net assets	559,077	573,544	586,373
Equity			
Accumulated funds	465,727	466,561	466,584
Levy Variability Reserve	10,000	10,000	10,000
Major Emergencies Response Reserve	15,000	15,000	15,000
Revaluation reserves	66,988	81,272	93,828
Rural Fire Fighting Fund	1,362	711	961
Total equity	559,077	573,544	586,373

Prospective statement of cash flows

for the years ending 30 June

	Budget 2014 \$000	Forecast 2015 \$000	Forecast 2016 \$000
Cash flows from operating activities			
Receipts from levy	337,734	341,360	351,327
Receipts from other revenue	10,795	11,309	11,336
Interest received	2,200	3,213	2,604
Net GST received/(paid)	2,508	2,576	2,687
Payments to employees and volunteers	(230,263)	(234,980)	(238,320)
Payments to suppliers for goods and services	(82,469)	(83,748)	(81,101)
Net cash flows from operating activities	40,505	39,730	48,533
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	486	5,011	6,815
Purchase of intangible assets	(1,721)	(210)	(735)
Purchase of property, plant and equipment	(46,265)	(54,801)	(56,081)
Net cash flows from investing activities	(47,500)	(50,000)	(50,001)
Cash flows from financing activities			
Payment of finance leases	(1,703)	(2,476)	(2,814)
Proceeds from borrowings	0	0	0
Interest paid	(827)	(806)	(764)
Net cash flows from financing activities	(2,530)	(3,282)	(3,578)
Net increase/(decrease) in cash and cash equivalents	(9,525)	(13,552)	(5,046)
Cash and cash equivalents at beginning of year	79,320	69,795	56,243
Cash and cash equivalents at end of year	69,795	56,243	51,197

Statement of Accounting Policies

Reporting entity

The New Zealand Fire Service Commission (the Commission) is a body constituted under section 4(1) of the Fire Service Act 1975. The Commission is a Crown entity as defined by the Crown Entities Act 2004 and the ultimate parent is the New Zealand Crown. The primary objective of the Commission is to provide services in New Zealand for community benefit rather than to make a financial return.

For the purposes of the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) the Commission is a public benefit entity. These prospective financial statements for the Commission are for the years ended 30 June 2014, 2015 and 2016.

Basis of preparation

Statement of compliance

These prospective 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 also comply with NZ IFRS and other applicable Financial Reporting Standards as appropriate for public benefit entities.

Measurement base

These prospective financial statements have been prepared on a historical cost basis modified by the revaluation of the following:

- ▶ Financial assets and liabilities at fair value
- ▶ Derivative financial instruments at fair value
- ▶ Certain classes of property at methods appropriate to the class of asset.

The methods used to measure fair value are discussed in the specific accounting policies.

Functional and presentation currency

These prospective financial statements are presented in New Zealand dollars which is the Commission's functional currency.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

Accounting Standards

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Commission are summarised below.

NZ IFRS 9 Financial Instruments

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. *NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting.*

Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit.

The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

New Accounting Standards Framework for Public Benefit Entities

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board ("XRB"). Under this Accounting Standards Framework, the Commission is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards ("PAS"). These standards are being developed by the XRB based on current International Public Sector Accounting Standards.

The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Commission expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still underdevelopment, the Commission is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Significant accounting policies

Revenue

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

Levy

Section 48(12) of the Fire Service Act 1975 deems the proceeds of the fire service levy on the contracts of fire insurance to be revenue of the Commission upon receipt. Levy proceeds are therefore recognised on a cash basis.

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 Commission.

Provision of services

Revenue derived from providing services to third parties (such as monitoring private fire alarms and attending false alarm call outs) is recognised in the financial year in which the services are provided.

Volunteer services

The operations of the Commission 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 expenditure by the Commission due to the difficulty of measuring the fair value with reliability.

Income

Interest income

The Commission recognises interest income using the effective interest rate method.

Rental income

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

Donated assets

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

Depreciation

Depreciation is charged to the prospective statement of comprehensive income 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 being:

Buildings	10-70 years	1-10%
Fire appliances	20-30 years	3-5%
Motor vehicles	4-20 years	5-25%
Communications equipment	5 years	20%
Computer equipment	4 years	25%
Operational equipment	4-12 years	8-25%
Non-operational equipment	5-10 years	10-20%
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.

Amortisation

Amortisation is charged to the prospective statement of comprehensive income 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 being:

Computer software – internally generated	4-10 years	10-25%
Computer software – purchased	4 years	25%
SITE	10 years	10%

The Commission does not own any intangible assets with an infinite life.

Interest expense

Interest expense is recognised using the effective interest rate method.

Goods and services tax (GST)

Figures reported in the prospective financial statements are GST exclusive with the exception of receivables and payables which are disclosed GST inclusive. Where GST is not recoverable then 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 Department (IRD) is included as part of receivables or payables in the prospective statement of financial position. Commitments and contingencies are disclosed GST exclusive.

The prospective 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 prospective statement of comprehensive income and prospective statement of financial position. The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the prospective 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

The Commission is exempt from income tax in accordance with both the Income Tax Act 2004 and the Fire Service Act 1975. Therefore, no charge for income tax has been provided for.

Foreign currency transactions

Transactions in foreign currency are converted at the date of the transaction. 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 prospective statement of comprehensive income.

Financial instruments

The Commission 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 Commission at initial recognition. Financial instruments are classified into the following categories based upon the purpose for which they were acquired.

Financial assets

The Commission classifies its financial assets as follows.

(a) Financial assets at fair value through the prospective statement of comprehensive income are comprised of derivative financial instruments.

The Commission 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 Commission 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 Commission entered into the contract and are subsequently re-measured 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, on the date for which the fair value is determined.

Movements in the fair value of the forward foreign exchange contracts are recognised in the prospective statement of comprehensive income. Derivative financial instruments can also be classified as financial liabilities depending upon the fair value at balance date.

(b) Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents include cash on hand, deposits held at 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 financial assets with fixed or determinable payments. They arise when the Commission provides goods or services directly to a debtor with no intention of selling the receivable asset. Trade and other receivables are recognised initially at fair value plus transaction costs. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance date for assets of a similar maturity and credit risk. Trade and other receivables issued with duration less than twelve months are recognised at their nominal value. Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Commission will not be able to collect all amounts due in accordance with the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amounts and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the prospective statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the provision for impairment of trade receivables. Subsequent recoveries of amounts previously written off are credited against impairment of receivables in the prospective statement of comprehensive income.

Financial liabilities

Financial liabilities comprise trade and other payables and bank overdrafts. These items represent unpaid liabilities for goods and services provided to the Commission before the end of the financial year. The amounts are unsecured and usually paid within thirty days of recognition. Financial liabilities entered into with duration of less than twelve months are recognised at their nominal value.

Financial liabilities with duration of more than twelve 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 losses on disposal of financial liabilities are recognised in the prospective statement of comprehensive income.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis by the Commission are measured at cost. Where inventories are acquired at no cost or for nominal cost, the cost is deemed to be the current replacement cost at the date of acquisition. Inventories include replacement gear boxes for fire appliances.

Non-current assets held for sale

Non-current assets held for sale are assets where their carrying amount 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 write-downs of non-current assets held for sale are recognised in the prospective statement of comprehensive income.

Leases

Finance leases

Leases that transfer to the Commission, substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred, are classified as finance leases. At the commencement of the lease term, finance leases are recognised as assets and liabilities in the prospective 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 recognised in the prospective statement of comprehensive income 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 that the Commission 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. Where a sale and leaseback transaction results in a finance lease, the gain on sale is amortised over the lease term. The gain on sale is calculated as the excess of sale proceeds over the carrying amount of the asset.

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Commission 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 prospective statement of comprehensive income. Lease incentives received are recognised in the prospective statement of comprehensive income over the lease term as an integral part of the total lease expense.

Leasehold improvements

Leasehold improvements are capitalised as property, plant and equipment.

Property, plant and equipment

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 and non-operational equipment.

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 expenditure 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 prospective statement of comprehensive income. 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 in 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 (for example donated assets) and the asset is controlled by the Commission, the asset is recognised at fair value at the date when control of the asset is obtained.

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 is determined by reference to the highest and best use of those assets. Where there is no market related evidence, fair value is determined by optimised depreciated replacement cost.

The Commission accounts for revaluations on a class basis. On revaluation any accumulated depreciation is eliminated against the gross carrying amount and then the gross carrying amount is 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 prospective statement of comprehensive income.

Any subsequent revaluation increase is recognised in the prospective statement of comprehensive income to the extent that it offsets previous revaluation decreases already recognised in the prospective statement of comprehensive income. Otherwise the gain is credited to the asset revaluation reserve for that class of asset.

Disposals

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 prospective statement of comprehensive income when they occur. When assets are disposed of, any related amount in the asset revaluation reserve is transferred to accumulated funds.

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.

Computer Software

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

Shared Information Technology Environment (SITE)

SITE is a systems and technology platform that supports receiving calls and dispatching resources to emergency incidents. These SITE assets include computer aided dispatch software, land mobile radio network and associated telecommunications structures. SITE is primarily housed in the communication centres shared with the New Zealand Police. The value capitalised reflects the Commission's proportional ownership. New Zealand Police maintain SITE and proportionally charge the Commission. This charge is recognised in the prospective statement of comprehensive income.

Disposals

Gains and losses on disposals of intangible assets 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 prospective statement of comprehensive income when they occur.

Impairment of non-financial assets

The carrying amounts for property, plant and equipment and 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. 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 and intangible assets are recognised in the prospective statement of comprehensive income.

Trade payables

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

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 twelve 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 retiring and long service leave entitlements expected to be settled within twelve 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 the Commission's wellness policy and therefore no accrual is necessary.

Non-current employee and volunteer benefits

Benefits that are payable beyond twelve months, such as long service leave, retirement leave and gratuities, 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 that staff will reach the point of entitlement, contractual entitlements information and the present value of the estimated future cash flows.

The discount rate, as prescribed by Treasury, 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 prospective statement of comprehensive income.

Superannuation schemes

Defined contribution schemes

Contributions to KiwiSaver, State Sector Retirement Savings Scheme and National Provident Fund are accounted for as defined contribution superannuation schemes and are expensed in the prospective statement of comprehensive income as they fall due.

Defined benefit schemes

The Commission 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.

Provisions

The Commission recognises a provision for future expenditure 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 expenditure 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 expenditure required in settlement. The Commission provides for the amount it estimates is needed to settle the obligation at its present value. It 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 the Commission entered the lease. The expected future make-good costs are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future payments.

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 the Commission's superannuation scheme.

ACC Partnership Programme

The Commission belongs to the Accident Compensation Corporation (ACC) Partnership Programme being a full self cover plan with the ACC. Under this plan the Commission 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 four years, the liability for ongoing claims passes to ACC, with the Commission paying a premium for the value of residual claims.

The provision for the ACC Partnership Programme is calculated on an actuarial basis as the present value of expected future payments to be made in respect of the 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 prospective statement of comprehensive income. 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

A provision for restructuring is recognised when an approved detailed formal plan for the restructuring has either been announced publicly to those affected, or for which implementation has already commenced.

Equity

Equity is the public's interest in the Commission 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 Commission. The components of equity are accumulated funds, other reserves, revaluation reserves and the Rural Fire Fighting Fund.

Rural Fire Fighting Fund

The Rural Fire Fighting Fund was established under section 46A of the Fire Service Act 1975. The fund is financed by a first right to the proceeds of the levy and an annual Crown grant paid on behalf of the Minister of Conservation. Money from the fund is applied towards meeting costs of Fire Authorities in the control, restriction, suppression or extinction of fires.

Prospective statement of cash flows

The makeup of cash and cash equivalents for the purposes of the prospective statement of cash flows is the same as cash and cash equivalents in the prospective statement of financial position. The prospective statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows.

Prospective contingent assets and contingent liabilities

Prospective contingent assets and contingent liabilities are disclosed in the notes to the prospective 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.

Prospective commitments

Prospective 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. Classification of commitments being:

► Capital commitments

The aggregate amount of capital expenditure contracted for, but not recognised as paid or provided for, at balance date.

► Non-cancellable operating leases

Future payments due under the lease contract. Operating leases are principally for property and motor vehicles.

► Other non-cancellable service commitments

Future payments due under other contracts (such as cleaning or consultancy).

Interest commitments on borrowings and commitments relating to employment contracts are not included in the commitments note.

Expenditure allocation

The Commission allocates expenditure to outputs as follows:

► Direct costs

Direct costs are expenditure (including the Rural Fire Fighting Fund) directly attributable to an output that are charged to that output.

► Indirect costs

Indirect costs are all costs other than direct costs and are apportioned across all the outputs based on the percentage of that output to total direct expenditure (excluding Rural Fire Fighting Fund).

► The Rural Fire Fighting Fund

The Rural Fire Fighting Fund receives an indirect cost allocation annually (presently around \$300,000).

Revenue and income allocation

Levy revenue is allocated to each output based on the proportion of net expenditure allocated to the outputs. Other revenue and income that is directly related to outputs is allocated to those outputs. An amount that cannot be directly related to outputs is allocated based on the

proportion of gross expenditure allocated to the outputs. Net expenditure is total expenditure net of other revenue and income.

Critical accounting estimates and assumptions

The preparation of prospective financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure.

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 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 affect on the prospective financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes to the prospective financial statements when they occur.

Fixed assets' useful lives and residual value

The residual value and useful life 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 the Commission to consider a number of factors such as the physical condition, expected period of use of the asset, and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will impact the depreciation or amortisation expense recognised in the prospective statement of comprehensive income, and the carrying amount of the asset in the prospective statement of financial position.

The Commission minimises the risk of this estimation by:

- ▶ Performing asset verifications;
- ▶ Revaluing land and buildings;
- ▶ Impairment testing;
- ▶ Asset replacement programs.

The Commission has not made significant changes to past estimates of useful lives and residual values.

Long Service Leave and Gratuities

Entitlements that are payable beyond twelve months (such as long service leave and gratuities) have been calculated on an actuarial basis.

The calculations are based on:

- ▶ Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- ▶ The present value of the 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.

Critical judgements in applying the Commission's accounting policies

Management has exercised the following critical judgements in applying the Commission's accounting policies.

Lease classification

Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Commission.

The Commission classifies leases as finance leases under the following situations:

- ▶ The lease transfers ownership to the Commission by the end of the lease;
- ▶ The Commission 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 the minimum lease payments amounts to at least substantially all of the fair value of the leased assets;
- ▶ The leased assets are of a specialised nature and only the Commission can use them without major modification.

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

Investment properties

Investment properties are property held primarily to earn rental income or for capital appreciation or both. Investment properties exclude owner-occupied properties (including those occupied by employees and volunteers) and properties held for strategic purposes or to provide a social service. Buildings rented or shared with other emergency service providers and residential properties on fire station sites rented to employees and volunteers are accounted for as property, plant and equipment and not investment properties.

Statement of forecast service performance for 2013/2016

To achieve the Commission's outcomes a range of services (outputs) are provided to the public. The three classes of outputs are:

- Fire safety education, prevention and advice
- Fire fighting and other Fire Service operations
- Rural fire leadership and coordination.

The output structure reflects the Commission's functions and operations in providing services that reflect the Commission's statutory functions and align with the needs of communities.

There are no exemptions for any outputs as per section 143 of the Crown Entities Act 2004.

Data limitations

Please note that when reading the current trend information in the following sections, some of the data has been estimated due to industrial action by Members of the New Zealand Professional Firefighters Union (NZPFU). For the purposes of showing graphical trend information the Commission has replaced missing data, September 2009 to December 2009 and August 2011 to March 2012, with the average values from the corresponding previous two years data.

Output quantities

The quantities in many of the outputs contained in this SOI are derived from the business planning process. Each fire station, both paid and volunteer, develops business plans annually that include linking local goals to the organisation's national goals, assessing fire risk in the stations geographic area, developing actions plans and specific service delivery targets. Nationally aggregated service delivery targets from these station business plans are used to establish the SOI targets each year. Other quantity targets are established using a similar annual business planning process covering technical for fire safety advice and fire engineering advice to consent authorities and national leadership and coordination of the rural fire sector.

Cost of the outputs for the year ending 30 June 2013

The following table summarises the output classes and associated outputs, and the cost of providing those outputs for 2013/2014.

	Forecast levy receipts \$000	Forecast other revenue \$000	Forecast gross expenditure \$000	Surplus/ (Deficit) \$000
Output Class 1 Fire safety education, prevention and advice.	54,037	954	54,888	103
Output 1.1: Fire prevention and advice to the general public	39,515	419	39,903	31
Output 1.2: Professional and technical advice to the Built Environment public	12,496	126	12,678	(56)
Output 1.3: Fire safety legislation	2,026	409	2,307	128
Output Class 2 Fire fighting and other Fire Service operations	274,578	11,575	284,963	1,190
Output 2.1: Operational readiness	217,839	5,986	222,905	920
Output 2.2: Operational responses to fire and other emergencies	46,607	5,488	51,831	264
Output 2.3: Wider emergency management capability	10,132	101	10,227	6
Output Class 3 Rural fire leadership and coordination	9,119	723	9,808	34
Output 3.1: Advice and support to fire authorities and rural fire committees and administration of the Rural Fire Fighting Fund and grant assistance schemes	8,106	713	8,859	(40)
Output 3.2: Rural fire standards, audit, evaluation of fire authority performance and management of the fire weather monitoring and prediction system	1,013	10	949	74
TOTAL COST OF OUTPUTS	337,734	13,252	349,659	1,327

Output class 1 - Fire safety education, prevention and advice
(Sections 20, 21, 21A and 29 of the Fire Service Act 1975 and sections 46, 47, 121 and 132 of the Building Act 2004)

This output class includes services to the public covering fire safety education, technical advice on building fire safety and the administration of fire safety legislation.

Output 1.1 Fire prevention and advice to the general public

This output includes the delivery of fire safety education and advice to the public, including through national advertising media. These services aim to change peoples' behaviour by improving their knowledge about fire risks and what actions to undertake to reduce those risks.

	Measure	SOI target	Average last 4-years actual performance
1.1.1	50% of Year 1 and Year 2 classes receive the FireWise fire safety education programme (i.e. to ensure that all students receive the programme during their first two years at primary school)	1,000 schools agree to deliver the programme in 2013/14	New Measure
1.1.2	Number of people who receive the Fire Awareness Intervention Programme (FAIP)	500	500
1.1.3	Number of homes which have received a home fire safety check	6,000	N/A
1.1.4	Number of homes where a smoke alarm has been installed or maintained	13,000	13,000

Output 1.2 Professional and technical advice to the built environment public

This output includes the delivery of fire engineering, professional and technical fire safety advice to people involved in building: standard-setting, design, development, ownership and occupation. The advice covers fire safety features in building design and making sure buildings are used safely.

	Measure	SOI target	Average last 4-years actual performance
1.2.1	100% of advice (Fire Service memoranda) provided to territorial authorities on building consent applications within 10 working days of being received.	100%	96%

Output 1.3 Fire safety legislation

In some cases, the Fire Service has a legislative responsibility to provide fire safety advice. This includes the processing of building evacuation schemes. The measure below sets standards of timeliness for processing these applications.

	Measure	SOI target	Average last 4-years actual performance
1.3.1	100% of evacuation schemes submitted to the Fire Service processed within 20 working days of being received.	100%	N/A ²

Output Class 2 - Fire fighting and other Fire Service operations
(Sections 17N, 17O, 21A, 23 to 26, 27, 27A, 28, 28A, 29, 30, 32, 34, 35, 36, 36A, 40, and 41 of the Fire Service Act) and the provisions of the Civil Defence emergency Management Act.

This output class includes the services the Commission provides to prepare for and suppress fires and provide a response to other emergencies. Responses to other emergencies includes such things as motor vehicle accidents, hazardous substance emergencies, natural disasters and medical emergencies.

Output 2.1 Operational readiness

The Fire Service verifies its state of readiness by conducting internal operational readiness assessments. The Fire Service's operational readiness is continually being improved implementing improvements identified as a result of post-incident operations investigations.

The pre incident planning ensures information is available for buildings so the Fire Service is able to take the most appropriate actions in the event of an emergency incident. The Fire Service reviews and updates risk plans on a regular basis to ensure information remains current.

² Accurate data over time is not available but analysis as at September 2012 shows performance at 94%

	Measure	SOI target	Average last 4-years actual performance
2.1.1	100% of stations receive an annual operational readiness audits	100%	
2.1.2	100% of priority Corrective Actions Plans identified during audits are completed within the required timescale. (Number of CAPs recorded for informational purposes)	100%	
2.1.3	100% of operational plans are reviewed within the required timescale	100%	

Output 2.2 Operational responses to fire and other emergencies

This output includes the operational responses to fire and other emergencies. National service delivery guidelines are in place for responses to a range of emergency incident types.

Also included in this output are post-incident operational reviews that are carried out following major incidents the Fire Service has attended. The reviews highlight examples of good operational practice that can be shared throughout the organisation and to identify opportunities for improvement.

Timeliness measures are also reported against national standards. These response times have been established to provide a balance between resource availability and early intervention to reduce or minimise the consequence of emergency incidents.

	Measure	SOI target	Average last 4-years actual performance
2.2.1	Number of fire emergencies attended	N/A	23,000
2.2.2	Number of non-fire emergencies attended (total) <ul style="list-style-type: none"> • number of medical emergencies attended • number of motor vehicle accidents attended • number of hazardous materials incidents attended 	N/A	23,000 <ul style="list-style-type: none"> • 3,000 • 4,000 • 5,000
2.2.3	100% of corrective Actions Plans identified during post-incident operational reviews are completed within the required timescale (Number of CAPs recorded for informational purposes)	100%	
2.2.4	Response times for structure fire incidents inside fire districts will be monitored for performance against the national service delivery guidelines of: <ul style="list-style-type: none"> • 8 minutes 90% of the time for career stations • 11 minutes 90% of the time for volunteer stations. 	90% 90%	87% 91%

Output 2.3 Wider emergency management capability

This output covers the Fire Service's wider emergency management activities. There is a large volume of ongoing activity including attending Emergency Management Group meetings and other work with stakeholders.

The current critical activities underway are to attain international accreditation for the Fire Service's Urban Search and Rescue (USAR) team and to implement extended incident management training for senior officers.

Both programmes are at early stages and it is not yet possible to quantify either a deadline for accreditation or an accurate target for how many officers will receive training. This will be amended once business casing is complete.

Timeliness measures are also reported against national standards. These response times have been established to provide a balance between resource availability and early intervention to reduce or minimise the consequence of emergency incidents.

	Measure	SOI target	Average last 4-years actual performance
2.3.1	Progress towards USAR accreditation meets required timeline	N/A	N/A
2.3.2	Development and implementation of incident management training for senior officers meets required timeline	N/A	N/A
2.3.3	Meet or exceed national service delivery guidelines for non-fire emergencies: <ul style="list-style-type: none"> • 30 minutes for motor vehicle accidents 90% of the time. • 20 minutes for incidents requiring the specialist Hazmat unit 90% of the time within major urban areas. • 60 minutes for incidents requiring the specialist Hazmat unit 90% of the time for the rest of New Zealand. • for first response to medical emergencies: <ul style="list-style-type: none"> ○ 8 minutes 90% of the time for career stations ○ 11 minutes 90% of the time for volunteer stations. 	90% 90% 90% 90% 90%	98% 90% 80% 87% 87%

Output Class 3: Rural fire leadership and co-ordination

(Sections 14A, 17X and 46A to 46L of the Fire Service Act and Section 18 of the Forest and Rural Fires Act)

This output class covers services to provide leadership and co-ordination on rural fire management, including: establishing rural fire standards, auditing fire authorities compliance against those standards, evaluating fire authority performance under the Forest and Rural Fires Act and providing a coordinated national view on rural fire issues.

Output 3.1 Advice and support to fire authorities and rural fire committees and administration of the rural fire fighting fund and grant assistance schemes

This output covers National Rural Fire Authority (NRFA) activities to maintain an administrative infrastructure to support fire fighting services in rural areas. The NRFA provides advice including interpretation on legal matters, advice and support to fire authorities and regional rural fire committees. The NRFA provides support to rural fire committees through the rural fire managers and the national rural fire officer.

This output also covers the administration of the grant assistance scheme and the Rural Fire Fighting Fund (RFFF). The grant assistance scheme provides funding support to fire authorities to help them invest in appropriate plant and equipment to help ensure they maintain an appropriate operational readiness capability. The RFFF

reimburses fire authorities for the majority of their expenses relating to putting out wildfires.

The Commission is required to carry out its activities in a transparent way. A mediation process is therefore available if fire authorities have any issues with the decision process for either the grant assistance scheme or the RFFF.

	Measure	SOI target	Average last 4-years actual performance
3.1.1	Percentage of fire authorities advised of the results of their grant applications (estimated at between 40 and 80 and \$1.7m in value) within two months of the application cut-off date.	100%	80% (63)
3.1.2	Percentage of approvals for grant assistance applications in accordance with the Commission's policy as verified by internal audit	100%	100%
3.1.3	Percentage of fire authorities advised of the results of their claim within two months of it being lodged with the NRFA under the rural fire fighting fund.	90%	88%
3.1.4	Percentage rural fire fighting fund claim decisions accepted without recourse to mediation	95%	100%
3.1.5	Percentage of members of regional rural fire committees indicating satisfaction with administrative support and meeting facilitation, as determined by an independent survey.	95%	77% 81%

Output 3.2 Rural fire standards, audit, evaluation of fire authority performance and management of the fire weather monitoring and prediction system.

This output covers the maintenance of the rural fire standards and auditing fire authority compliance against those standards. It also includes the evaluation of fire authorities performance under the Forest and Rural Fires Act 1977 and provision of fire weather data and information to fire authorities.

Fire weather monitoring and the fire danger rating system are important tools for assessing fire risk in rural areas. The information helps fire managers assess the levels of preparedness and resources needed to extinguish fires and minimise fire losses.

	Measure	SOI target	Average last 4-years actual performance
3.2.1	Percentage of fire authorities provided with written reports, on the estimated 60 fire and equipment, weather station and training standards audits, within two months of the audit.	100%	86% (28)
3.2.2	Percentage of fire authorities provided with a written draft performance report, on the estimated five evaluations of fire authority performance under the Forest and Rural Fires Act 1977, within two months of the assessment.	100%	67% (5)
3.2.3	Percentage of performance reports accepted by fire authorities without recourse to mediation.	95%	100%
3.2.4	Percentage daily availability of fire weather information and the percentage updated by 3pm.	100% 95%	97% 95%