

2019/20 Statement of Performance Expectations

Te Tauākī o ngā taumata mahi me tutuki



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Presented to the House of Representatives pursuant to section 149
of the Crown Entities Act 2004.



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Cover image. Our teams battled fierce conditions to quell the Tasman fire in Nelson. Our nation's largest fire event in 60 years. Key to our successful response was consistently keeping the local community informed of our progress.

Photo credit: NZ Defence Force

Statement of Responsibility

Tauākī Kawenga

The Statement of Performance Expectations sets out Fire and Emergency New Zealand's intended non-financial performance and financial position for the year 1 July 2019 to 30 June 2020, and should be read in conjunction with the Statement of Intent 2017-2021.

The structure and content of this Statement of Performance Expectations follows the general requirements set out in the Crown Entities Act 2004.

The Board members and the management of Fire and Emergency New Zealand are responsible for maintaining systems and processes that support robust, objective decision-making and compliance with rules, and providing assurance as to the integrity and reliability of financial reporting.

The performance to be achieved by Fire and Emergency New Zealand for the year 1 July 2019 to 30 June 2020 that is specified in this Statement of Performance Expectations has been agreed with the Minister of Internal Affairs, who is responsible for overseeing and managing the Crown's interests in Fire and Emergency New Zealand.

The Board acknowledges responsibility for the preparation of this Statement of Performance Expectations, which reflects the forecast performance and the financial position of Fire and Emergency New Zealand for the financial year 1 July 2019 to 30 June 2020.



Hon. Paul Swain
Chair

31 May 2019



Dr Nicola Crauford
Deputy Chair

31 May 2019



This **Statement of Performance Expectations** should be read in conjunction with the **Fire and Emergency New Zealand Statement of Intent 2017-2021**, which provides the strategic direction and priorities for the organisation.

Introduction

Kupu Whakataki

Our commitment to New Zealanders

We are committed to delivering efficient and effective fire and emergency services for New Zealanders.

This Statement of Performance Expectations sets out our performance expectations for 2019/20. It provides:

- A base against which performance can be assessed
- An explanation of how performance will be assessed
- Prospective financial statements.

What we do and how we do it

We are Fire and Emergency

Fire and Emergency is aiming to be a flexible, modern and efficient fire and emergency service that will not only meet the needs of New Zealand today, but the New Zealand of the future. We are in every community, with almost 650 fire stations and depots, more than 14,000 personnel, including support staff, an asset base of \$945 million and annual revenue of more than \$600 million. The establishment of Fire and Emergency realised an opportunity to build a strong and cohesive fire and emergency service. Our broader mandate has given us a unique opportunity to work more closely with our sector partners, stakeholders and communities to protect life and property and build resilience within our communities.

Fire and Emergency places strong emphasis on the critical role that communities play in supporting fire and emergency services. This includes fostering sustainable volunteerism and contributing knowledge of the needs and risks that each community faces. Fire and Emergency is creating a strategy-led, unified service delivery organisation, with a strong focus on co-design of risk reduction and resilience initiatives and activities with our communities, partners and stakeholders.

We are a Crown entity established on 1 July 2017, and are governed by the Fire and Emergency New Zealand Act 2017 (the Act). This legislation has given us a mandate to cover a broader range of activities, to protect the people, property and environment of New Zealand.

Our mandate, as set out in the Act, specifies the primary objectives and functions of the new organisation:

Our objectives

Our main objectives are:

- Reducing the incidence of unwanted fires and associated risks to life and property
- Protecting and preserving life, preventing or limiting injury, and preventing or limiting damage to property, land and the environment.

We will seek to achieve these objectives through our main and additional functions.

Our main functions are:

- Promoting fire safety (including guidance on the safe use of fire as a land management tool) and firefighting
- Delivering fire prevention, response and suppression services
- Protecting the safety of persons and property endangered by incidents involving hazardous substances
- Rescuing trapped people as a result of transport accidents or other incidents
- Undertaking urban search and rescue.

Our additional functions are:

- Assist in responding to:
 - medical emergencies
 - maritime incidents
 - weather events, natural hazard events and disasters
 - incidents where substances present a risk to people, property or the environment
 - any other situation where we can assist
- Promoting safe handling, labelling, signage, storage and transportation of hazardous substances
- Performing other rescues
- Providing assistance at transport incidents.

We carry out these additional functions if we have the capability and capacity, and provided this does not affect our ability to carry out our main functions.

As a Crown entity, we must also comply with the Crown Entities Act 2004 and all relevant legislation that applies to us.

Our strategic direction

Tā mātou ahunga ā-rautaki

Our strategic journey

Our Statement of Intent 2017-2021 was the first for Fire and Emergency. It set out how the new organisation planned to build the systems, processes, culture and capabilities to strengthen our ability to serve our communities.

This was complemented by our Fire and Emergency Blueprint 2017-2020, which sets our work programme for our integration phase, and outlines the benefits of integration.

As we consulted on our future operating model, we identified eight key areas of change (strategy-led; community focus; risk reduction; transparency of investment and value; inclusive and dynamic workforce; learning organisation; insight from intelligence, and empowered decision makers) that we need to make to ensure we are well set up to meet the expectations placed on our new organisation. These are essentially the pillars for building our new organisation, to be achieved by all elements of the operating model working together as one organisation.

We are looking out further, over a 25-year horizon, to anticipate and plan for the future. By doing so, we should be well placed to respond to changes in our operating environment.

A new strategy for Fire and Emergency

Alongside work to design the shape of our teams and functions, we are finalising a long-term (25 year) strategy, which will be complemented by medium-term planning (10-year investment plan and Statement of Intent 2020-2024) to ensure we are investing in the right things to deliver the required services to communities across New Zealand.

Over past months, our Board and Executive Leadership Team have been working towards refreshing various elements of our strategic framework. These elements draw on the foundational work which helped shape our organisation, including feedback from our people during our operating model consultation phase, and input from our new senior leaders. We will be launching our new strategic framework later in 2019.

The key elements of the strategic framework including our purpose, vision, values, outcomes and priorities,

are complementary. Together they help us to be future-focussed, and support the eight key areas we have identified during consultation on our operating model. The strategic framework when it is completed will inform the development of our Statement of Intent for 2020-2024, later this year.

At the heart of our strategic framework is our new vision. This inspires us to look to the type of future we want to build for our communities. Further:

- Our revised purpose statement draws from legislation that founded our organisation, and makes it easy for our people to understand why we exist
- We have updated our organisational outcomes, to reflect what we will deliver for New Zealanders and to underpin a comprehensive Performance Measurement Framework that reflects our broader mandate
- We have developed five strategic priorities, which set out the areas which we need to focus on now, to best prepare for the future. These underpin our new strategy, and reflect our commitment to building strong capabilities within our own organisation, with our partners and with and for our communities
- We have worked with our people to agree the values that describe what is important to us, and the behaviours we expect from each other. Strategies such as the Respect and Inclusion Strategy are important in ensuring our people understand and support the behavioural changes we are seeking
- Alongside these, a first set of operating principles will guide the way we carry out our functions and work with others to deliver services.

Our new strategic framework and strategy are due to be launched later this year. We will be refreshing our Statement of Intent 2017-2021 by mid-2020, and this will reflect our new strategy.

Whilst we continue to develop our strategy, our accountability documents, including this Statement of Performance Expectations, will measure our performance against the strategic framework and outcomes set out in our current Statement of Intent 2017-2021. Once we have launched our new strategy, and updated our Statement of Intent, we will update our reporting to reflect our new strategic direction.



Outcomes Framework

Our current Outcomes Framework represents a high-level view of our activities. This framework demonstrates the relationships between the outputs, impacts and outcomes, and graphically represents the process by which we create value for New Zealand.

Our Outcomes Framework is on page 13.

Our strategic priorities

Our strategic priorities represent the key areas that we believe are important to focus on now, to help us achieve our outcomes. The five strategic priorities, set out in the Statement of Intent 2017-2021 are outlined below:

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

Risk reduction and prevention

This priority was designed to help us place risk reduction activities at the centre of our engagement with stakeholders and the community. It takes a partnership approach to looking across activities that we will focus on for the coming decade. The emphasis will be on those activities that lead to risk reduction best practices, foster a greater risk reduction culture and increase our capabilities, and engage communities to create safer environments.

We are continuing to increase our capability to deliver effective community risk reduction activities to prevent unwanted fires and provide guidance on fire risk reduction and prevention, and on the use of fire as a land management tool.

Stronger engagement with communities

We work with communities every day to build resilience against fire and other emergencies. We also work with children in schools and attend a wide range of community events, meetings and forums, such as Safer Communities events, Waitangi Day, Age Concern events and Hauora health community days.

Coordinated services

Coordinated services help ensure improved readiness for and response to incidents. We are building capability and capacity in a range of areas. This priority has a strong focus on the importance of building and strengthening relationships and increased coordination

across the sector. This was illustrated during the 2018/19 wildfire season, when we had to ensure we had the operational capacity and capability to maintain business as usual as well as maintaining capability to respond to the Tasman wildfires – the largest in New Zealand for 60 years – and a second wildfire at Ahipara in Northland.

As we have throughout the integration phase, we will continue to invest in our people, property, fleet and infrastructure assets. This is to ensure we maintain our incident response capability, particularly when it comes to addressing gaps in volunteer and rural fire infrastructure, resources and equipment.

Building and shaping Fire and Emergency New Zealand

We are working in partnership with our people, unions and associations, to design and implement a new operating model. It will enable improved consistency and coordination in our operations across the country, in our specialist functionality and improved interoperability with emergency sector partners and other agencies where required. We are investing in our people to build a respectful and inclusive culture focussed on successfully delivering for communities.

At the same time, we recognise that one size doesn't fit all. We will also ensure our operating model is flexible enough to deliver services that meet specific local needs.

As an organisation that is heavily reliant upon volunteers, we are working to improve the way volunteers are supported, managed and led. We will continue to implement initiatives to support implementation of the Volunteerism Strategy, and support volunteers to protect their communities. A number of initiatives have been successfully introduced including establishing roles to support volunteer recruitment and training support, coaching and mentoring, flexible training courses, streamlined reimbursement and payment processes, and support to reduce administrative workloads.

Developing a shared identity

We are working to become a more diverse and inclusive organisation that recognises and appreciates the many different backgrounds of its people, and the skills they bring to the protection of their communities.

By working with our people and partner organisations our objective is to build on a proud history of service to become an integrated fire and emergency service that will be better able to serve New Zealand and help build resilience within our communities.



Our intentions for the coming year

Ngā takune mō te tau e heke mai ana

The 2019/20 financial year is the final year of the Fire and Emergency Blueprint 2017-2020. This blueprint set out our work programme to help achieve integration, and outlined the benefits of one organisation.

We are approaching the end of our integration phase and the initial programme of work to integrate the systems, processes and tools, structures and ways of working across the agencies that formed Fire and Emergency.

This Statement of Performance Expectations focuses on activities to support the final stages of the integration phase, and for the last time, measures our progress against the outcomes set out within our Statement of Intent 2017-2021.

For the coming year, we will focus on implementation of the following major initiatives:

Risk Reduction Strategy 2019-2029

The completion of a new Risk Reduction Strategy was a significant milestone for the organisation and was approved in January 2019. The strategy signifies a significant shift in Fire and Emergency's focus and role in risk reduction.

Throughout development of the strategy we consulted widely. There was strong engagement on this strategy from our people, stakeholders, and unions and associations. The resulting feedback, provided valuable perspectives and was supportive of the proposed direction to support a greater emphasis on fire prevention and risk reduction.

The strategy sets out what we need to do over the next decade to strengthen our risk reduction activities as we further define and develop our new organisation. It prioritises effort in three areas:

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

Improving risk reduction was a key intent of the government reforms, is one of our strategic priorities, and it is embedded in our legislation. It is the single most effective thing we can do to protect New Zealand's people, property and environment. Risk reduction will therefore be more prominent in our work and we will play a leading role in this area.

Volunteerism Strategy 2019-2029

The completion of the Volunteerism¹ Strategy has been integral to our support for volunteers and engaging with our communities. This strategy was approved in January 2019.

The strategy acknowledges the central role of volunteers to Fire and Emergency and affirms our commitment to volunteers and volunteerism. The strategy has a focus on sustaining our core functions, and it signals a future with a wider range of roles that our volunteers can choose from to support their community through our organisation. It recognises the shared responsibility of all our leaders and the vital role that our career personnel play in supporting our volunteers, the opportunities and challenges ahead, and sets out our intent to build a future where volunteers, volunteerism, and Fire and Emergency will thrive in the years to come.

The strategy describes how volunteering will change in New Zealand through to 2029, and how we respond to our changing society, and sustain volunteering as a core part of how we work. We are strengthening our connections with volunteers, including leaders of volunteers, and providing greater flexibility in how people volunteer, and increased tailored support.

Our Volunteerism Strategy comprises three priorities and the key shifts we need to make to achieve them:

- Broader, and flexible ways to volunteer
- Thriving volunteerism
- Better together.

¹ Volunteerism is the organisational approach which recognises that the volunteer viewpoint is fundamental to achieving our organisational purpose. It is about why and how our organisation values and supports volunteers and actively embraces the contribution our volunteers make to meet our collective desired outcomes.

A volunteer or volunteering is work given of one's free will, not by employment, for the common good/of benefit of others. Inherent in the term volunteering is the mutual benefit to individuals, organisations and communities.



Some changes will be evolutionary, building on our strengths and, of course, changing the way we do things when needed. Other changes may be more fundamental as we build our new capability, capacity, and culture. We will continue to work closely with our people, unions and associations, and with other partners and stakeholders, to design and deliver these changes.

New operating model

The first phase of the new operating model was focussed on identifying what we want to be, what we will do and how we will be different in the future as a unified organisation. A large number of co-design workshops have been used to progress and inform the development of the design of the 50 proposed functions² that make up the new operating model. These have been developed alongside eight key areas of change we need to focus on to operate well as one organisation. Consultation was held on the proposed operating model in late 2018 which helped shape the design of the next phase.

The next phase of this work focuses on creating a unified leadership structure that will enable us to further drive integration. Organisational design and

consultation is being completed in tranches, with the final tranche expected to be completed by June 2020. Staff, unions and associations have been, and will continue to be, closely consulted as this work progresses.

Two other areas of focus in 2019/20, and beyond, will be the Levy Funding Review and implementing the recommendations of the Positive Workplace Culture review.

Levy Funding

We are currently funded through a levy on insurance. On 15 March 2019, the Government announced it had commissioned a review of levy arrangements. Present levy arrangements will continue during the review. We will work with the Government on the review.

Positive Workplace Culture review

We are committed to addressing the issues raised in the Positive Workplace Culture report released in January 2019 and implementing all the report's recommendations. We want to build a workplace where everyone feels respected and included, regardless of gender, ethnicity, age, sexual orientation, and religious beliefs.

² The 50 proposed operating model functions are not to be confused with our main and additional functions as set out in sections 11 and 12 of the Fire and Emergency Act 2017.



Outcomes Framework 2017-2021

Tā mātou pou tarāwaho putanga



Consultation and reporting to the Minister of Internal Affairs

Te uiui me te whakamōhio i te Minita o te Tari Taiwhenua o Aotearoa

Fire and Emergency New Zealand's Board is committed to a "no surprises policy" for new initiatives, operational events and overall policies.

The Board will provide the Minister of Internal Affairs (as its responsible Minister) with accurate, relevant, complete and timely information to ensure the Minister's decisions and responsibilities for the organisation can be carried out on a fully informed basis.

Reporting to the Minister

The Board will provide quarterly progress reports to the Minister against its key priorities, this Statement of Performance Expectations' performance measures and budgets, key initiatives and other information as required. The quarterly reports will be provided within the following timeframes:

Quarter	Timeframe – no later than
1. 1 July 2019 to 30 September 2019	12 November 2019
2. 1 October 2019 to 31 December 2019	10 March 2020
3. 1 January 2020 to 31 March 2020	12 May 2020

The Minister has agreed that a quarter 4 report is not required as full year financial and non-financial performance reporting will be provided in the Annual Report.



Reportable Outputs

Ngā whakaputanga ā-pūrongo

Following the successful amalgamation of urban and rural fire services on 1 July 2017, the integration phase is bringing together functions, services, and activities. Additional provisions in the Act, such as the establishment of Local Advisory Committees and a framework to better support volunteers are continuing to be developed. This ensures the organisation can continue to respond safely and effectively to emergencies, whilst delivering the work required to meet the benefits of the new organisation.

Since 2016/17, and subject to an annual application, additional funding has been made available for a period of up to four years, through a Crown funding injection to support a dedicated integration programme.

Reduced likelihood of unwanted fires

What we want to achieve

Through the provision of well researched risk reduction programmes and initiatives, education, community engagement, the provision of advice and ensuring legislative compliance, we want to prevent unwanted fires from occurring and managed fires from getting out of control. We will develop a work programme to support implementation of our Risk Reduction Strategy in 2019/20 which will help guide and inform the further development and refinement of our risk reduction activities to achieve our outcome around reducing the likelihood of unwanted fires.

What we do

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

We help organisations with building design by providing fire engineering, professional and technical fire safety advice. Our legislative responsibility to provide fire safety advice includes the processing of building consent applications and building evacuation schemes.

Our advice covers three areas of fire safety:

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

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

How we will monitor our performance		Target 2019/20
1.1.1	Percentage of building consent applications processed within 10 working days	100%
1.1.2	Percentage of building evacuation schemes processed within legislative timeframes ³	100%

³ Fire and Emergency New Zealand (Fire Safety, Evacuation, Procedures, and Evacuation Schemes) Regulations 2018, Part 2 Evacuation schemes, Section 19.

Fire safety education to the public (1.2)

We aim to change people's behaviours by improving their knowledge about fire risks and the actions they can take to reduce those risks.

Our activities are focused under three overarching goals:

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

Some of the programmes we deliver to help achieve our goals are:

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

Over 2019/20 we will continue to develop and refine national and local programmes based on good research, regular monitoring and effective evaluation to meet risk reduction requirements.

How we will monitor our performance		Target 2019/20
1.2.1	Rate of recidivism among Fire Awareness Intervention Programme participants	Below 10%
1.2.2	Percentage of survey respondents who are aware that a fire can become unsurvivable within 5 minutes	90%
1.2.3	Percentage of survey respondents with at least one installed and working smoke alarm	88%
1.2.4	Percentage of residential structure fires attended where a working smoke alarm was present	Information only ⁴ New measure
1.2.5	Percentage of schools with year 1 and 2 students who have been offered the Get Firewise programme	100% by 30 June 2021
1.2.6	Percentage of schools with year 1 and 2 students who have completed the Get Firewise programme	60% by 30 June 2021
1.2.7	Percentage of incidents attended that are recorded as false alarms	Below 34% ⁵ New measure

⁴ We seek to develop an impact measure around the presence of working smoke alarms in residential structure fires. The 'information only' target reflects our journey to better understand the changes in behaviour i.e. whether more people are taking steps to reduce risks to themselves by installing and maintaining smoke alarms.

⁵ Our data shows that on average false alarms have accounted for approximately 34% of total incidents over the past five years. Our aim is to see a reduction in false alarms over time, hence the 2019/20 target of below 34%. The development of a strategy on unwanted alarms in 2019/20 will further help us to achieve this goal.



Fire permitting and enforcement (1.3)

Within the Act we have a responsibility to put in place effective fire control measures which may include the restriction or prohibition of the lighting of fires in open air. This is managed through a fire permitting system where we process applications to grant or refuse fire permits based on fire risk conditions and other fire control matters. The measures will encourage us to monitor and review the permitting process to improve the way we do things, help us to establish a baseline over a period when we transition to a national permitting system and monitor the difference we wish to make.

We also have a responsibility to undertake enforcement action relating to breaches of fire control legislation. To implement our Compliance and Enforcement Strategy this year, progress continues on the development of a compliance and enforcement system and the establishment of the processes necessary to support it. We will be working on measures as the system is developed.

How we will monitor our performance		Target 2019/20
1.3.1	Median number of days to process fire permitting applications	Establish baseline New measure
1.3.2	Percentage of vegetation fires attended during prohibited fire season requiring a permit ⁶ that did not have a permit	Establish baseline New measure
1.3.3	Percentage of vegetation fires attended during restricted fire season requiring a permit that did not have a permit	Establish baseline New measure
1.3.4	Number of vegetation fire incidents	Below the 5-year average (4,654) ⁷

⁶ The Fire and Emergency New Zealand Act 2017, section 190 Regulations relating to permits for fires in open air (6)(b), refers to instances where we may issue fire permits during a prohibited fire season. For example, for biosecurity concerns or if fire weather conditions have eased temporarily.

⁷ 4,654 is the average per year of the previous five years from 2013/14 to 2017/18. This measure will only be reported annually.

Reduced consequences from emergencies

What we want to achieve

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

What we do

Timely and professional response to fires (2.1)

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

How we will monitor our performance	Target 2019/20
2.1.1 Percentage of structure fires ⁸ arrived at by career crews within 8 minutes	85%
2.1.2 Percentage of structure fires ⁸ arrived at by volunteer crews within 11 minutes	85%
2.1.3 Number of structures damaged by vegetation fire	Information only
2.1.4 Percentage of vegetation fires arrived at within 30 minutes ⁹ (anywhere in NZ)	90%
2.1.5 Percentage of Communication Centre events dispatched for all incidents in rural environments, within 2 minutes of receiving the 111 call	80%

⁸ Structure fires within urban environments.

⁹ Where the first arriving crew reaches the incident within 30 minutes of the 111 call being received. This measure is not based on service delivery guidelines.

Timely and professional response to other emergencies (2.2)

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

How we will monitor our performance	Target 2019/20
2.2.1 Percentage of motor vehicle accidents arrived at by crews with specialist resources within 30 minutes	90%
2.2.2 Percentage of medical emergencies ¹⁰ arrived at by career crews within 8 minutes	85%
2.2.3 Percentage of medical emergencies ¹⁰ arrived at by volunteer crews within 11 minutes	85%
2.2.4 Percentage of hazardous substances incidents arrived at by crews with specialist resources within 60 minutes	85%

¹⁰ Medical emergencies within urban environments.

Maintain capability to respond to emergencies (2.3)

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

How we will monitor our performance		Target 2019/20
2.3.1 All regions to complete a wildfire simulation exercise		By 30 June 2020 New measure



Increased community resilience

What we want to achieve

We are a national fire and emergency service organisation that can respond to national and international events. We strive to maintain a strong local presence throughout the country so we are ready to support local needs. We want to help communities to be safer, stronger and more resilient.

The Act provides for Local Advisory Committees (LACs) to give local input into our national planning, to help ensure our strategies and plans respond to the risks and needs of communities.

What we do

Specialist disaster recovery following major emergencies (3.1)

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

How we will monitor our performance		Target 2019/20
3.1.1	International Search and Rescue Advisory Group (INSARAG) re-classification achieved by Urban Search and Rescue (USAR)	Maintain heavy team classification ¹¹
3.1.2	Percentage of offshore USAR deployments that reach the point of departure ¹² within agreed timeframes ¹³	100% New measure

¹¹ Heavy USAR Teams have the operational capability for difficult and complex technical search and rescue operations. Every five years USAR must re-classify to maintain this status.

¹² The point of departure is the assembly point specified in the Ministry of Foreign Affairs and Trade tasking note, which is unique to each offshore deployment.

¹³ Timeframes are specified within documents specific to each type of deployment.



An engaged and equipped network of communities (3.2)

We provide essential emergency response capability across all our local communities. We also respond to requests from international partners requiring assistance to major emergencies.

We achieve this by:

- Establishing closer working relationships with our communities and partner organisations by ensuring our stakeholders are engaged and that we receive feedback on further strengthening our relationships
- Supporting international partners with major emergencies
- Establishing LACs to better understand our communities and the things that are unique to them, to enable local input into our national planning.

How we will monitor our performance		Target 2019/20
3.2.1	Annual external stakeholder engagement survey score	7.5/10 or better ¹⁴
3.2.2	Percentage of international wildfire requests for assistance where a response from Fire and Emergency is made within specified timeframes ¹⁵	95% New measure
3.2.3	Commence national roll-out of Local Advisory Committees by establishing seven Local Advisory Committees	By 30 June 2020
3.2.4	Trial the Local Risk Profiling Framework in one location and analyse lessons learned to inform roll-out to other areas	By 30 June 2020

¹⁴ A score of 7.5 is regarded as very good, and a score of 8 or 9 is regarded as excellent.

¹⁵ A response is defined as whether we are able to be of assistance. We aim to provide a response within the timeframes specified in the formal letter of request.

Organisational Health and Capability

Te oranga me te ngaiotanga o te tari

What we want to achieve

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

In 2019/20, we will continue to focus on ensuring the systems, processes and culture support our people to do their best for New Zealanders every day, including a range of activities designed to help us achieve our organisational health and capability priorities.

What we do

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

We will continue to develop a mature culture of safety, health and wellbeing through developing our leaders. They will demonstrate good safety, health and wellbeing behaviour, expect high standards of themselves, and understand their people and how to support them. Our aim is to build a workplace where everyone can go home safe and well every time and feel valued, safe and engaged with the organisation. If our people are engaged and valued, we expect to see increases in early access to psychological wellbeing support, and increases in near miss reporting. Our safety, health and wellbeing practices will learn from the things we do well, and where we need to improve.

Our priorities will include:

- Health standards – continuing co-design of physical readiness, physical health and psychological wellbeing assessments for our personnel
- Psychological wellbeing – continuing psychological wellbeing workshops for all personnel
- Developing and implementing systems that are easy, convenient to use and will provide improved safety, health and wellbeing reporting.

How we will monitor our performance		Target 2019/20
4.1.1	Rate of workplace injuries incurred while responding to incidents per 1,000 incidents attended	Establish baseline ¹⁶
4.1.2	Percentage of leaders attending psychological wellbeing workshops ¹⁷	70% ¹⁸ New measure

¹⁶ We are establishing a new baseline because we are expecting to see an increase in injuries reported as our people are being strongly encouraged to report all injuries and near misses.

¹⁷ While the psychological wellbeing workshops have initially been introduced to leaders, the intent is to roll it out to all other personnel in the coming years.

¹⁸ This target reflects anticipated organisational structure changes affecting leadership positions. Our plan remains to ensure all leaders will be equipped with skills in psychological wellbeing over time.

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

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

Our priorities for 2019/20 will include:

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

How we will monitor our performance		Target 2019/20
4.2.1	Design and implement training to promote inclusive behaviours in the workplace through at least two regional pilots	By 30 June 2020 New measure
4.2.2	Report to the public and our people on the progress made to deliver the Positive Workplace Programme action plan	Every six months New measure
4.2.3	Complete a review of the effectiveness of the initiatives undertaken to address our gender pay gap ¹⁹	By 30 June 2020 New measure
4.2.4	Conduct an annual organisation-wide people survey and introduce pulse surveys	By 30 June 2020 New measure
4.2.5	Draft a Leadership Development Framework for engagement	By 30 June 2020 New measure

¹⁹ Determining effectiveness will be done through a review of initiatives undertaken to date.

Integration programme (4.3)

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

Our key priorities for 2019/20 will include:

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

How we will monitor our performance		Target 2019/20
4.3.1	Develop a unified leadership structure and appoint positions at senior and middle levels	By 30 June 2020 New measure
4.3.2	Implement a Performance Measurement Framework by populating the framework with indicators and measures	By 30 June 2020 New measure
4.3.3	Initiate evaluation of our existing risk reduction programmes using the evaluation framework developed in 2018/19	By 30 June 2020 New measure
4.3.4	Develop a monitoring and evaluation framework for our Volunteerism Strategy	By 30 June 2020 New measure
4.3.5	Approve and commence implementation of an In-house Rules Framework for volunteer brigades	By 30 June 2020



Output Class Reporting

Te arotakenga o ngā whāinga

Cost of the Outputs

for the period ending for the
years ending 30 June

		Forecast levy receipts \$000	Forecast other revenue \$000	Forecast total expenditure \$000	Surplus / (deficit) \$000
Output Class Reporting					
1.1	Advice to government, industry and councils on building design	1,897	134	1,891	140
1.2	Fire safety education to the public	36,721	2,311	36,621	2,411
1.3	Fire permitting and enforcement	28,746	2,030	28,668	2,108
Reduced likelihood of unwanted fires		67,364	4,475	67,180	4,659
2.1	Timely and professional response to fires	331,448	7,975	330,540	8,883
2.2	Timely and professional response to other emergencies	156,314	8,043	155,887	8,470
2.3	Maintain capability to respond to emergencies				
Reduced consequences from emergencies		487,762	16,018	486,427	17,353
3.1	Specialist disaster recovery following major emergencies	27,715	3,511	27,640	3,586
3.2	An engaged and equipped network of communities	5,155	49	5,141	63
Increased community resilience		32,870	3,560	32,781	3,649
Integration activities supported by repayable Crown funding injection		-	-	19,400	(19,400)
Total Cost of Outputs		587,996	24,053	605,788	6,261





Financial Statements

Ngā Tauākī Pūtea

For the year ended 30 June

Introduction

Ngā kaupapa

Introduction

As noted earlier in this document, over the next three years, Fire and Emergency has a range of strategic priorities, intentions, strategies, initiatives, programmes and projects it is pursuing to support its people, and fulfil the requirements of the Act. This includes expanding our activities over New Zealand's communities, continuing the unification of the organisation, stabilising, supporting and advancing its capital base and infrastructure, and being a 'fit for purpose' future orientated organisation.

The 2019/20 budget, 2020/21 and 2021/22 forecasts seek to support the organisation as it pursues its role in New Zealand and undertakes the whole range of these activities.

Revenue

Our services are funded primarily through a levy on property and motor vehicle insurance, supplemented by a government contribution for public good and direct charging for a small set of contracted services.

Levy income is affected by a number of factors including the growth in residential and commercial construction, changes in motor vehicle numbers, the types of insurance policies organisations enter into, and levy exemptions.

The Government will review how Fire and Emergency is funded. This review is likely to take at least two years and the implementation time would depend on the funding model that is ultimately agreed.

Cabinet has agreed that the current transitional levy rate of 10.6 cents per 100 dollars of insurance should continue and this rate is reflected in these financial statements.

Expenditure

The organisation is projecting growth in expenditure driven by:

- Employee and volunteer benefits expenditure, which reflect the investment in 14,420 career and volunteer, operational and non-operational personnel across the whole of New Zealand including the safety, health and wellbeing of all these personnel
- Continued investment to renew, upgrade and strengthen capital infrastructure following the amalgamation, and to recover from a significant redirection of capital funding into the Christchurch rebuild following the Canterbury earthquakes
- The continuation of the integration programme which is primarily funded from a Crown injection. This Crown injection is not reflected in the income of the organisation but as a loan on the balance sheet.

Asset Infrastructure

As a capital intensive organisation, our asset management and performance is critical to ensuring both the health and safety of our people, and the services we provide to our communities.

We have developed an asset management policy which sets out the expected behaviours and rules for managing our assets. Alongside this, we have established comprehensive governance and management arrangements to ensure strong stewardship of our assets.

For effective management of assets, they should support the achievement of the following high-level goals:

- Alignment to, and support for our strategic direction and strategy
- Meet the agreed levels of service for the benefit of New Zealand both now and in the future
- Deliver services that are responsive to the specific risks and needs of the communities we serve
- Deliver cost effective services that demonstrate good value for money
- Meet regulatory requirements in relation to health and safety
- Deliver services in ways that have long-term sustainability.

Financial

Our financial goal is to plan our expenditure within our expected revenue base so that we resource the requirements of the Act, and fund the strategies, programmes, initiatives and reviews anticipated or in progress. We require sufficient surpluses to fund capital levels beyond depreciation so that use of cash reserves is not required. The current levy will not generate a sufficient surplus to fund the cost of the planned capital investment or the desired operating model. We will therefore be utilising cash reserves to cover this shortfall over the period covered by this Statement of Performance Expectations.

There are some factors that put the budgeted surplus numbers at risk, particularly now that the funding review has meant the levy rate will remain at 10.6 cents per 100 dollars of insurance until the next assessment of the levy rate. Any delays to the funding review will exacerbate these risks:

- There remains a number of areas of forecasting uncertainty as we introduce the new operating model, for example increased risk reduction activities, enhance community engagement and expanded volunteer support. The organisation has used the best available projections, estimations and assumptions to prepare conservative budgets that will be adjusted for the coming years as more data becomes available. The forecasts contained in the prospective financial statements reflect the organisation's intent at a point in time. The new operating model adds a layer of complexity as final forecasts will not be confirmed until strategies are finalised and organisational design including consulting with the staff is complete.
- As cash reserves reduce, the ability for the organisation to cope with large scale events such as the recent fire in the Tasman district will reduce. It is probable that this will become an issue from the 2021/22 year and onwards. Further analysis will be provided to the Minister over the next few months.

Balance Sheet

The asset-intensive nature of the organisation and our continual investment to raise and maintain the standard of our asset base means that the balance sheet remains strong, as can be seen in the Statement of Financial Position (page 34). The historic low levels of debt will increase due to a four-year loan from the Government as a contribution to the costs of the Integration Programme. The final drawdown will be made during 2019/20, and the loan will be repaid over ten years. Over time, the debt levels will return to historical levels as the funding injection is repaid.

As a cash-based, and capital intensive organisation we need to maintain a strong cash balance given revenue can be volatile and fluctuates significantly month to month, the majority of operating costs are fixed, and capital reinvestment needs are high. Approximately \$50 million is earmarked for managing working capital, liquidity and to cover one major incident per year.

Future Plans

Once the funding review is completed, the organisation may need to lift expenditure to continue to be able to meet all the intentions of the Act.

Prospective statement of comprehensive revenue and expense for the years ending 30 June

	Budget 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
Revenue			
Levy	587,996	603,812	615,888
Interest revenue	2,867	1,892	1,288
Other revenue	21,186	18,366	18,366
Total revenue	612,049	624,070	635,542
Expenditure			
Employee and volunteer benefits expenditure	374,765	379,573	387,340
Depreciation	56,558	61,901	65,118
Amortisation	8,072	9,471	11,908
Finance costs	446	383	314
Other expenditure*	165,947	165,823	153,203
Total expenditure	605,788	617,150	617,883
Net surplus attributable to the Board	6,261	6,920	17,659
Other comprehensive income			
Gains on revaluation of land and buildings net of impairment losses	5,890	6,007	6,128
Total comprehensive income attributable to the Board	12,151	12,927	23,787
Other expenditure*			
Fleet	22,595	22,003	22,493
Communications and computer	35,295	39,732	39,238
Occupancy	25,420	25,607	26,011
Operational clothing, equipment and consumables	35,392	34,167	24,366
Travel	15,555	15,656	15,188
Promotional Activities	7,110	6,442	5,865
Professional Fees	12,378	10,040	7,644
Grants	4,708	4,554	4,661
Insurance	2,655	2,708	2,816
Office Equipment and Consumables	1,862	1,727	1,727
Research and Development	1,509	1,709	1,709
Other operating costs	1,468	1,478	1,485
Total other expenditure	165,947	165,823	153,203

Prospective statement of changes in equity for the years ending 30 June

	Budget 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
Equity at beginning of year			
Accumulated funds	734,911	740,351	742,751
Revaluation reserves	294,478	300,368	306,375
Total equity at beginning of year	1,029,389	1,040,719	1,049,126
Changes in equity during year			
Transfers from statement of comprehensive income			
Accumulated funds	5,642	3,072	14,313
Revaluation reserves	5,890	6,007	6,128
Total comprehensive income	11,532	9,079	20,441
Transfers from disposal of land and buildings			
Accumulated funds	-	-	-
Revaluation reserves	-	-	-
Total transfers from disposal of land and buildings	-	-	-
Total changes in equity during year	11,532	9,079	20,441
Equity at end of year			
Accumulated funds	753,961	757,033	771,346
Revaluation reserves	300,368	306,375	312,503
Total equity at end of year	1,054,329	1,063,408	1,083,849

Prospective statement of financial position as at 30 June

	Budget 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
Assets			
Current assets			
Cash and cash equivalents	74,715	27,229	16,178
Trade and other receivables	125,696	129,298	131,884
Prepayments	2,707	2,707	2,707
Total current assets	203,118	159,234	150,769
Non-current assets			
Property, plant and equipment	1,024,525	1,060,990	1,072,899
Intangible assets	30,823	36,786	42,824
Total non-current assets	1,055,348	1,097,776	1,115,723
Total assets	1,258,466	1,257,010	1,266,492
Liabilities			
Current liabilities			
Trade and other payables	39,056	37,161	35,413
Employee and volunteer benefits	40,953	42,310	43,743
Borrowings	1,084	1,119	2,664
Crown funding injection	12,773	12,773	12,773
Provisions	1,702	1,702	1,702
Total current liabilities	95,568	95,065	96,295
Non-current liabilities			
Employee and volunteer benefits	43,879	45,767	47,575
Borrowings	3,842	2,724	32
Crown funding injection	58,556	47,754	36,451
Provisions	2,291	2,291	2,291
Total non-current liabilities	108,568	98,536	86,349
Total liabilities	204,137	193,602	182,643
Net assets	1,054,329	1,063,408	1,083,849
Equity			
Accumulated funds	753,961	757,033	771,346
Revaluation reserves	300,368	306,375	312,503
Total equity	1,054,329	1,063,408	1,083,849

Prospective statement of cash flows for the years ending 30 June

	Budget 2019/20 \$000	Forecast 2020/21 \$000	Forecast 2021/22 \$000
Cash flows from operating activities			
Receipts from levy	585,000	600,210	613,302
Receipts from other revenue	21,187	18,366	18,366
Interest received	3,024	1,977	1,300
Net GST received/(paid)	-	-	-
Payments to employees and volunteers	(335,294)	(339,061)	(352,762)
Payments to suppliers for goods and services	(216,916)	(206,873)	(188,095)
Net cash flows from operating activities	57,001	74,619	92,111
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	-	-	-
Purchase of intangible assets	(8,526)	(15,433)	(17,948)
Purchase of property, plant and equipment	(109,242)	(92,358)	(70,899)
Net cash flows from investing activities	(117,768)	(107,791)	(88,847)
Cash flows from financing activities			
Payment of finance leases	(948)	(1,012)	(1,080)
Net cash flows from Crown funding injection	6,089	(13,000)	(13,000)
Interest paid	(350)	(302)	(235)
Net cash flows from financing activities	4,791	(14,314)	(14,315)
Net increase/(decrease) in cash and cash equivalents	(55,976)	(47,486)	(11,051)
Cash and cash equivalents at beginning of year	130,691	74,715	27,229
Cash and cash equivalents at end of year	74,715	27,229	16,178



Statement of Accounting Policies

Tauākī o ngā kaupapa here ā-pūtea

Reporting entity

The Board of Fire and Emergency is a body constituted under the Act. Fire and Emergency is a Crown entity as defined by the Crown Entities Act 2004. The primary objective of the organisation is to reduce the incidence of unwanted fire and the associated risk to life and property, and through its main and additional functions to protect and preserve life, prevent or limit injury, and to prevent or limit damage to property land and the environment. The organisation's functions are for community benefit, rather than to make a financial return. The organisation has designated itself as a public benefit entity (PBE) for financial reporting purposes.

These prospective financial statements for the organisation are for the years ended 30 June 2020, 2021 and 2022.

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 have also been prepared in accordance with Tier 1 PBE accounting standards.

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.

Presentation currency and rounding

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

Critical accounting assumptions

In preparing these prospective financial statements, the organisation has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results, and variations may be material. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable under the circumstances.

Significant accounting policies

The following accounting policies, which significantly affect the measurement of financial performance and financial position, have been consistently applied.

Revenue

The organisation measures revenue at the fair value of consideration received or receivable.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the spot exchange rates at the date of the transaction.

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the organisation are classified as operating leases.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the Statement of Comprehensive Revenue and Expense. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expense and expensed over the lease term as an integral part of the total lease expense.

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. Finance leases are recognised at the commencement of the lease term as assets and liabilities at the lower of the fair value of the leased item or the present value of the minimum lease payments. The amount recognised as an asset is depreciated over the shorter of the lease term and its useful life. Where a sale and leaseback transaction results in a finance lease, the gain on sale is calculated as the excess of sale proceeds over the carrying amount of the asset.

Cash & cash equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Bank term deposits

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

Property, plant and equipment

Property, plant and equipment are shown at cost, less any accumulated depreciation and impairment losses.

Assets are classed as land, buildings, leasehold improvements, fire appliances, motor vehicles, communications, computer, operational equipment and non-operation equipment. Costs are capitalised as property, plant and equipment when they create a new asset or increase the economic benefits over the life of an existing asset.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset less any disposal costs. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense.

When assets are disposed of, any related amount in the asset revaluation reserve is transferred to accumulated funds.

The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense.

Depreciation

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

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

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

Intangible Assets

Intangible assets comprise computer software and the Shared Information Technology Environment (SITE).

Intangible assets are shown at cost less accumulated amortisation and impairment losses. Included are the benefits of leases for rural properties with minimal rent, which were transferred to Fire and Emergency on amalgamation. This benefit is recognised at fair value less accumulated amortisation.

Computer Software

Costs are capitalised as computer software when they create a new asset or increase the future economic benefits of an existing asset. Costs capitalised for acquired computer software licences include the costs incurred to acquire and bring it 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 Statement of Comprehensive Revenue and Expense, as well as costs that do not meet the criteria for capitalisation (including personnel 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. The asset represents the organisation's proportional ownership of SITE located at communication centres shared with the New Zealand Police (Auckland, Wellington and Christchurch). These SITE assets include computer-aided dispatch software, a land mobile radio network and associated telecommunications structures. The New Zealand Police maintains SITE and proportionally charges the organisation. This charge is recognised in the Statement of Comprehensive Revenue and Expense.

Amortisation

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

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

Computer software internally generated	4-10 years	10-25%
Computer software purchased	4-10 years	10-25%
SITE	4-10 years	10-25%
Benefit on leases on rural property	1-2 years	5-100%

The organisation does not hold any intangible assets with an infinite life.

Impairment of non-financial assets

The carrying amounts of 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 be 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 revaluation decreases. Impairment losses on other property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense.

Trade and Other Payables

Trade and other payables are recorded at their face value.

Employee and volunteer entitlements

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

Benefits to be settled within 12 months of balance date are calculated at undiscounted current rates of pay according to the amount of the accrued entitlements.

Benefits that are payable beyond 12 months, such as long service leave, retirement leave and gratuities for both paid and volunteer personnel, are calculated on an actuarial basis. The calculations are based on information about:

- Likely future entitlements accruing to staff, based on years of service, years until entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
- 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. Movements in the actuarial valuations are recognised in the Statement of Comprehensive Revenue and Expense. Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

The organisation 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.

Goods and Services Tax (GST)

Values reported in the financial statements are GST exclusive, with the exception of receivables and payables, which are disclosed as GST inclusive.

Where GST is not recoverable, it is recognised as part of the related asset or expense.

The net amount of any GST balance, either recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the 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 Statement of Cash Flows.

Income Tax

The organisation is exempt from income tax in accordance with the Income Tax Act 2007 and the Act. Accordingly, no provision has been made for income tax.

Property, plant and equipment useful lives and residual values

The useful life and residual values of property, plant and equipment, and intangible assets are reviewed at each balance date. Assessing the appropriateness of useful life and residual value estimates requires the organisation to consider a number of factors, such as the physical condition, expected period of use and expected disposal proceeds from the future sale of the asset.



An incorrect estimate of the useful life or residual value will impact on the depreciation or amortisation expense recognised in the Statement of Comprehensive Revenue and Expense, and the carrying amount of the asset in the Statement of Financial Position. The organisation minimises the risk of this estimation process by:

- Performing asset verifications
- Revaluing land and buildings
- Conducting Impairment testing
- Having an asset replacement programme.

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

Financial instruments

The organisation is party to financial instruments as part of its normal operations. Financial instruments include financial assets and liabilities.

Financial instruments are initially recognised at fair value plus transaction costs. Subsequent measurement of financial instruments is dependent upon the classification determined by the organisation at initial recognition. Financial instruments are classified into categories based on the purposes for when they were acquired.

Statement of cash flows

The makeup of cash and cash equivalents for the purposes of the Statement of Cash Flows is the same as cash and cash equivalents in the Statement of Financial Position. The Statement of Cash Flow has been prepared using the direct approach subject to the netting of certain cash flows.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

The cash statement has been prepared using the direct method subject to the netting of certain cash flows.

Capital intentions

The organisation is forecasting to purchase office equipment, information technology items, building fit-out, furniture and fittings and motor vehicles/fire appliances during the period covered by this Statement of Performance Expectations.



Board of Directors

Ngā kaitohu



Hon. Paul Swain QSO
Chair



Dr Nicola Crauford
Deputy Chair



Peter Drummond MNZM



Te Arohanui Cook



Malcolm Inglis



Wendie Harvey

