



Pūrongo ā-Tau Annual Report

For the year ended 30 June 2023



He maimai aroha In memoriam

**Sadly, in February 2023 we lost two of our
volunteer firefighters in the line of duty.**

The extreme weather events we saw earlier this year were truly unfathomable. We saw people and communities around Aotearoa, particularly in Northland/Auckland and right down to the East Coast of the North Island, coming together to support others in their time of need.

As they had done so many times before, firefighters from our Muriwai Volunteer Fire Brigade led the way in supporting their community as it was battered by Cyclone Gabrielle.

Firefighters are often referred to as heroes for the phenomenal work they do, often in highly stressful and dangerous situations. The nature of a firefighter's role means they often come into contact with people at the worst times in their lives. Our two fallen Muriwai firefighters were doing just that; helping others above all else. Their loss is truly devastating.

Our thoughts remain with their whānau and friends too, as their lives have been ever changed by the tragedies that have unfolded.

While time marches on, their memory lives on with us. They will always be part of our whānau, bound to us forever, never far from our thoughts and honoured as heroes for the sacrifices they made.

Moe mai rā kōrua.



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Kupu Whakataki

Foreword

Te mahi tahi hei painga mō te hapori. Working together to deliver for our communities.

On behalf of Fire and Emergency New Zealand, we are pleased to present our 2022/23 Annual Report.

With a dedicated team of over 14,700 across the motu, Fire and Emergency is in almost every community. We take our role in emergency response seriously, maintaining a constant state of readiness and fulfilling our purpose to protect and preserve lives, property and the environment.

This past year has been dominated by some of the most extreme weather Aotearoa has seen in decades, including the damaging Tasman flooding in August 2022, the devastating Auckland weather event in January 2023 and the destructive Cyclone Gabrielle in February 2023. We also responded to the Loafers Lodge fire in Wellington in May 2023, which resulted in five fatalities. We are incredibly proud of how each and every one of our teams responded and learnt for the future from these horrific events.

Of course, these events cannot be mentioned without acknowledging the tragic loss of Craig Stevens and Dave van Zwanenberg from the Muriwai Volunteer Fire Brigade during Cyclone Gabrielle, which has been deeply felt right across the organisation. As a result of this tragedy, and the other significant events of the past year, we have commissioned reviews into our responses which will ensure we are learning from the events, prioritising our people's safety while providing the best service to our communities.

This year has also shown the strength of our international community. During Cyclone Gabrielle our communities were supported by teams from the United States, Fiji and Australia. In turn, we sent personnel to support flooding in Australia, earthquakes in Türkiye and Syria, wildfires in Canada and cyclones in Vanuatu. This support has given our people invaluable experience and increased our preparedness for similar emergencies in Aotearoa whilst helping our colleagues around the world in their time of need.

While the world changes around us, our ability to fulfil our role to protect and educate New Zealanders depends on us having reliable funding. While the levy increase introduced this year by the Government will help to cover the immediate pressures we face, as first responders – the need for our mahi is changing and thus cost to ensure we are safely prepared to look after our communities is also changing. Looking ahead, we need to ensure our funding reflects our growing functions and responsibilities so that we can continue to meet the needs of our stakeholders and communities, now and into the future.

The Te Kawa Mataaho Public Service Commission review of our progress in late 2022 emphasised the importance of continuing to build a safe, supportive and inclusive workplace. In response to the review, we established the Eke Taumata programme to drive long-term workplace culture change and monitor our progress against the review. While there is still work to be done, the first progress report shows that we are moving in the right direction and we are confident that a genuine difference will be felt by our people.

We are immensely proud of what Fire and Emergency has achieved in the face of what has been a challenging year. For this, we extend our gratitude to our people who are the beating heart of our organisation. Whether on the ground, or as part of the support crew, we commend everyone for their unwavering dedication and service to communities of Aotearoa.



Rebecca Keoghan

Rebecca Keoghan
Chair



Kerry Gregory

Kerry Gregory
Chief Executive

31 October 2023

Tā mātou horopaki rautaki

Our strategic context

We are Aotearoa New Zealand's trusted national fire authority and an emergency first responder. We maintain a continuous state of readiness, so we can be there when communities need us.

We operate as an essential service that all New Zealanders rely on. Every day, we work to:

- respond to fires and emergencies
- provide capability and collaborate with other agencies during other emergency responses
- work across Aotearoa to promote fire safety and reduce unwanted fires.

While the types of emergencies we respond to have changed over time, our work remains critically important to protecting and preserving lives, property and our environment.

We are committed to:

Delivering for Aotearoa by working closely with tangata whenua Māori and other partners to reduce the risk of unwanted fire and prepare for emergencies. When these happen, we will be ready to respond in communities.

Developing our people by building a safe, positive and inclusive workplace for them. We will care for our people, so they are there for our communities.

Building our business by having the resources and processes to meet the needs of communities into the future.

We have a presence in most communities. Every day, our people provide fire and emergency services and work with others across the sector and across our diverse communities.

Performance information about how we are achieving our purpose (Protecting and preserving lives, property and the environment) and our external strategic priority (Delivering for Aotearoa) is reported from pages 12 to 23. The Statement of Performance measures are reported on pages 46 to 56.

Additional information, including our strategic context and our internal strategic priorities (Developing our people and Building our business) are not audited and do not form part of the Statement of Performance. They provide additional context to Fire and Emergency's performance in 2022/23.

88,531

INCIDENTS ATTENDED

↑ an increase of 3.6%

97,870

EMERGENCY CALLS ANSWERED

↑ an increase of 8.2%

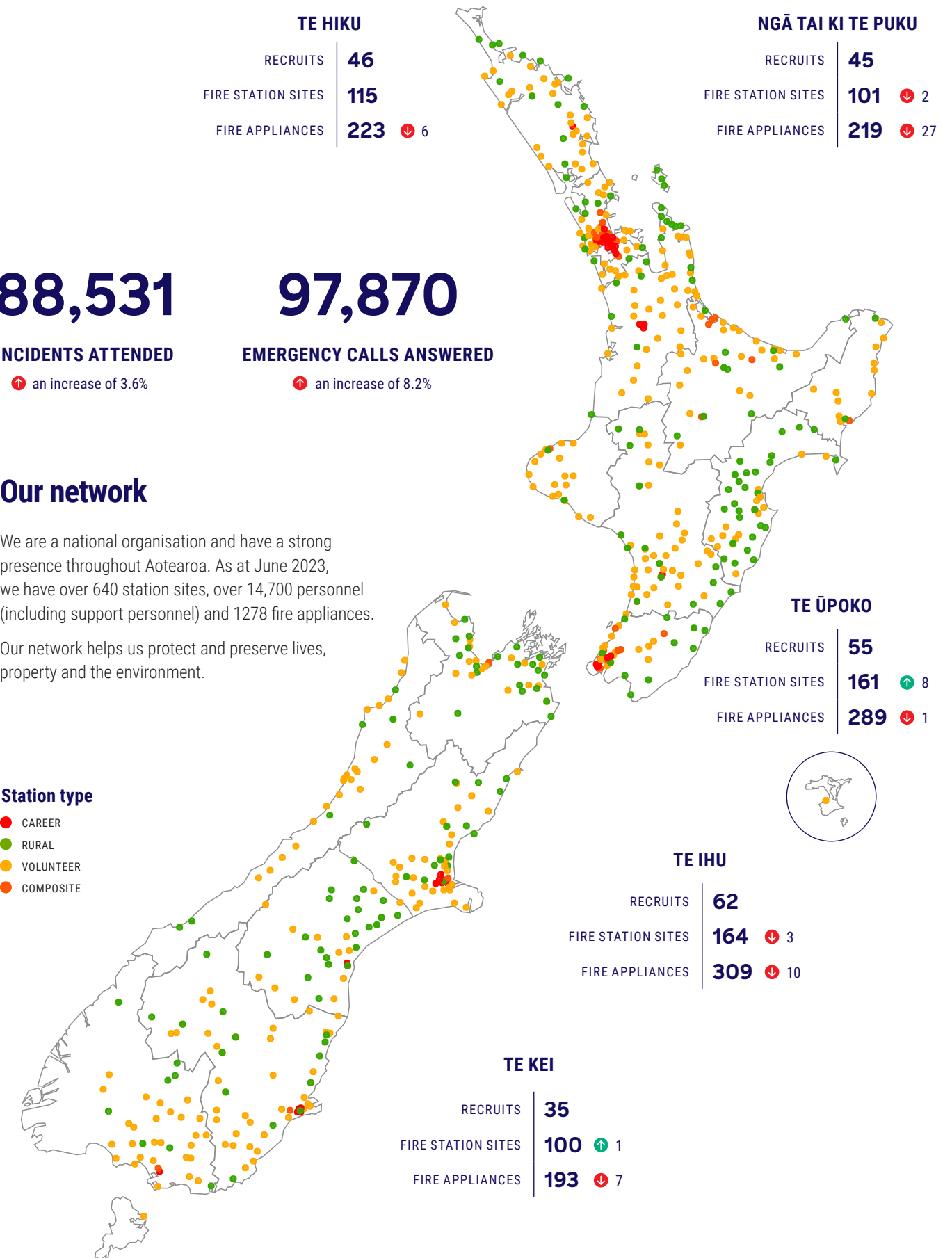
Our network

We are a national organisation and have a strong presence throughout Aotearoa. As at June 2023, we have over 640 station sites, over 14,700 personnel (including support personnel) and 1278 fire appliances.

Our network helps us protect and preserve lives, property and the environment.

Station type

- CAREER
- RURAL
- VOLUNTEER
- COMPOSITE



Ko wai mātou me ngā mahi ā tari

Who we are and what we do

Our emergency management functions

Principal objectives

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

Main functions

- Promoting fire safety
- Providing fire prevention, response and suppression services
- Providing for the safety of persons and property endangered by incidents involving hazardous substances
- Rescuing people trapped because of transport accidents or other incidents
- Providing urban search and rescue services

Additional functions (assist with)

- Medical emergencies, maritime incidents, weather events, natural hazard events, disasters, and non-hazardous substance incidents
- Promoting safe handling, labelling, signage, storage, and transportation of hazardous substances
- Rescues including line rescues, animal rescues, rescues from collapsed buildings, confined spaces, unrespirable and explosive atmospheres and swift water
- Providing assistance at transport accidents

Our role as a regulator

Our regulatory role is focused on fire safety and fire-related offences. This includes:

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

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

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



Our Ecosystem

Our Purpose

Protecting and preserving lives, property and the environment.

Our long-term priorities

- Collaboration, partnerships and influence
- Building resilient communities
- Growing our people
- Keeping pace with change
- Intelligence-led, evidence-based decisions

Our Values

Kia tika
We do the right thing

Manaakitanga
We serve and support

Whanaungatanga
We are better together

Auhatanga
We strive to improve

Te waharoa

This represents the gateway to our organisation

Intelligence driven (poutama). Training and development (pūhoro). Health, safety, wellbeing and people support (koru). Kaupapa Māori (mangōpare). Stronger alignment (takitoru).

Trusted national fire authority

Emergency first responder

Inputs

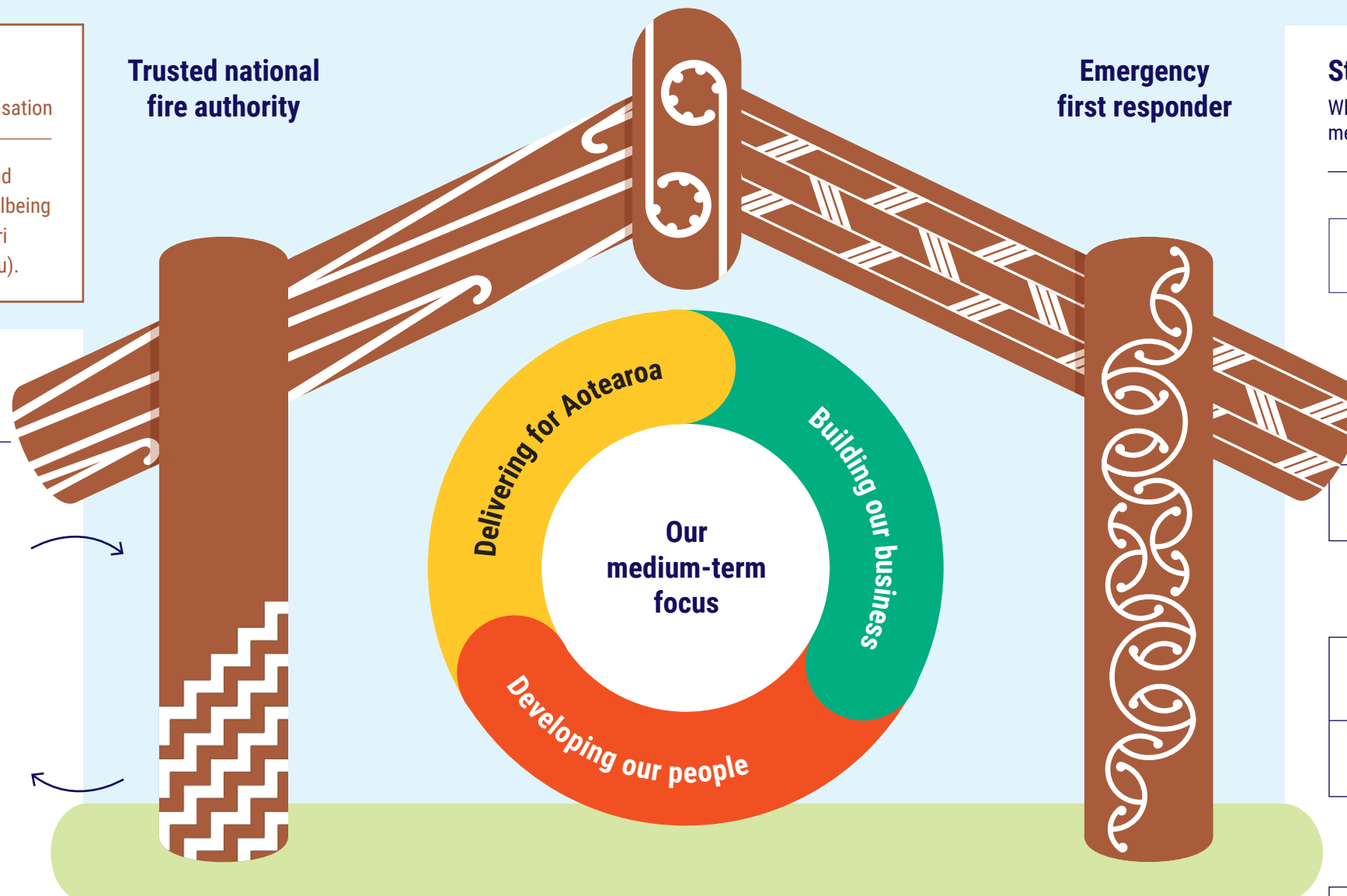
Our resources to provide our core activities

- Assets and infrastructure
- Systems and processes
- People and culture

Outputs

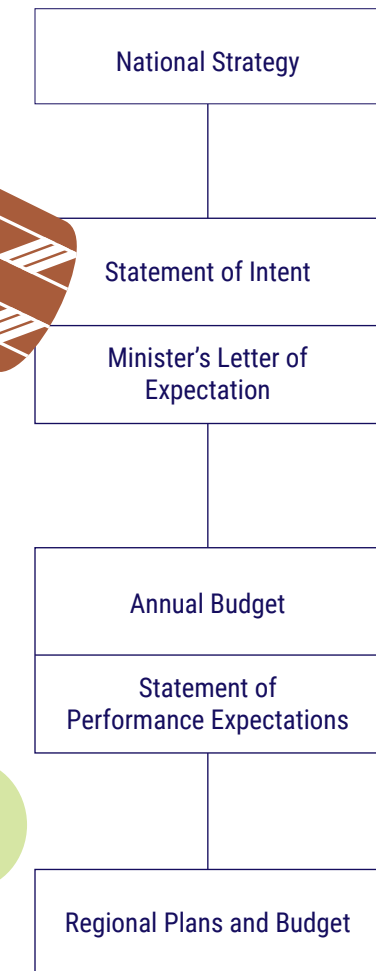
These define our core activities

- Fire prevention, including promotion of fire safety, compliance and enforcement
- Fire response and suppression
- Render safe hazardous substances and provide for safety at incidents
- Rescue as a result of transport accidents and Urban Search and Rescue (USAR)
- Respond to other emergencies, including medical, maritime, other rescues and natural hazard events



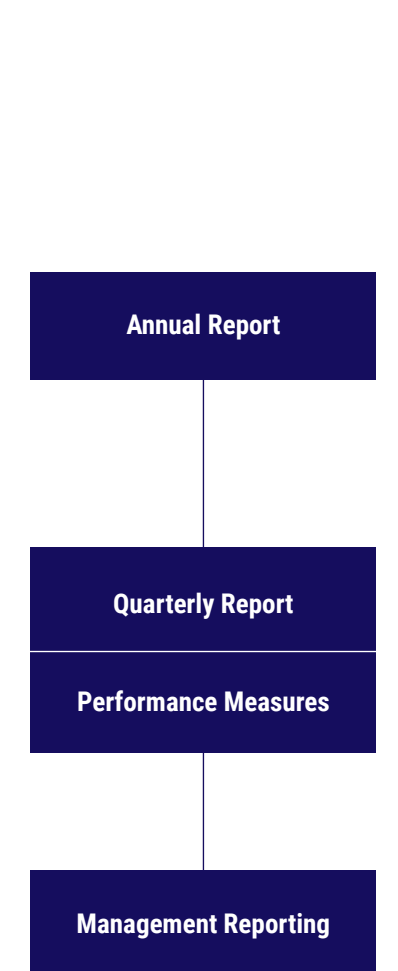
Strategy and planning

What we plan to do in short, medium and long term



Delivery and performance

How we measure our progress and what we have achieved



Te tiaki me te whakauka i te oranga,
i ngā āhuatanga, me te taiao

Protecting and preserving lives, property and the environment

The cornerstone of our mahi is being there when Aotearoa needs us, to protect and preserve lives, property and the environment. We continue to respond to an increasing number of incidents.



August 2022



A 1-in-120-year rain event resulted in flooding and landslides in Nelson-Tasman, West Coast and Northland. The weather event triggered over 350 landslides and widespread flooding, resulting in significant loss of and damage to property. We worked alongside other agencies to evacuate more than 230 homes in Nelson and 160 homes across the West Coast. Landslides in Marlborough isolated communities and closed roads, causing significant damage and making it challenging at times for us to reach communities.

January 2023



Cyclone Hale delivered the most rainfall to Auckland in one day since records began. Northland and the Coromandel also received significant rainfall. The resulting flooding caused four fatalities and damaged significant infrastructure.

February 2023



Cyclone Gabrielle swept through Northland, Auckland, Tairāwhiti, and Hawke's Bay, and we received 1,700 calls in 24 hours. Flooding and landslides caused by the cyclone resulted in 11 fatalities, including the loss of our two firefighters in Muriwai. Significant properties, businesses and infrastructure were lost or damaged.

May 2023



The Loafers Lodge fire in Wellington was a complex fire event. It happened late at night in a densely populated structure, home to some of Wellington's most vulnerable residents. Crews responded to and suppressed the fire and rescued people attempting to evacuate the building. The response involved 29 crews and over 80 firefighters. The incident caused five deaths. It also prompted much public discussion on building safety legislation and led us, with New Zealand Police, to investigate our fire response. Following the Loafers Lodge fire, we have increased our focus on proactive risk reduction and evacuation schemes for high-risk buildings.

Disclosure: We have chosen to highlight the major events we responded to, as these show the importance of the work we are doing to build our capability and develop our people. These responses are often prolonged and have a long-term impact on our organisation. They inform how we respond to future events, and the capability, investments and relationships we need. Severe weather events this year saw particular demand for outputs 4.2, 5.2 and 5.3.



Image: NZ Herald

Responding to these events challenged our people and also brought incredible displays of whanaungatanga. As a result of the significant incidents this year, we:

- ✓ commissioned an operational review of our responses to Cyclone Hale and Cyclone Gabrielle to identify key observations, learning opportunities and improved practices
- ✓ commissioned an independent investigation into the loss of our two firefighters at Muriwai to learn from what happened and reduce the risk of it happening in the future
- ✓ identified changes we need to make to be there for communities when such significant events happen. For example, we have begun increasing surge capacity for Urban Search and Rescue (USAR), so we can respond more quickly and effectively to flooding events.

Following our response to the significant Loafers Lodge incident, we have:

- ✓ started a post-incident analysis which looks at the building and fire behaviour. This will help us prevent other similar events from happening, or respond more effectively if they do happen
- ✓ asked our Australasian Fire and Emergency Service Authorities Council (AFAC) partners to help us with an operational review of our response. The review's findings will show us any changes we need to make
- ✓ started looking at how we can reduce the risk of a fire of this scale happening again by prioritising risk reduction and regulatory compliance activities, particularly in high-risk buildings.



Working together during Cyclone Gabrielle

When Cyclone Gabrielle hit Aotearoa, we responded locally, as well as with our USAR capability and drone and water rescue teams. Our people, both volunteer and career, rose to the situation, supporting and responding to communities in need.

These teams were supported by people in our Communications Centres, air operations, Regional Coordination Centres, the National Coordination Centre and the National Crisis Management Centre.

In Hawke's Bay, as well as helping with the clean-up effort, our USAR and Pou Takawaenga Māori (Māori Liaison Officers) supported marae to reopen, providing critical facilities for communities. Our team worked closely with Ngāti Kahungunu, whose marae,

kaumātua (elderly) housing, papa kāinga (communal land) and urupā (burial grounds) were extensively damaged. By establishing a connection with Ngāti Kahungunu, we were able to provide tangible support that has created a positive, enduring legacy.

USAR's work with Ngāti Kahungunu included flying drones over affected areas, and an extensive clean-up of debris and silt-damaged items to make housing and the Waiohiki Marae available as a community hub.

GIS personnel from Fire and Emergency and Ngāti Kahungunu shared data. We also arranged to get the Omāhu Marae generator replaced so it could service the surrounding housing. The result is more than the clean-up. It has established clear respect and trust between Fire and Emergency and Ngāti Kahungunu so we can work together to ensure this community is resilient and prepared for future events.

Disclosure: We have chosen to highlight this case study as it demonstrates the importance of our commitment to working with Māori as tangata whenua and the benefit of working with communities to respond to emergencies.



Supporting our partners overseas

We've built strong relationships with our international partners in Australia and the Pacific, the USA, Canada and Europe over many years. They've responded when we've needed assistance during emergencies, and we support them when they need us. These responses help broaden our skillsets, expose us to different environments, showcase our specialist skills, and foster international collaboration.

This year, we deployed teams to assist with severe climate and weather-related events.

Flooding in Australia

We deployed four incident management teams to assist with the response to widespread flooding in New South Wales (NSW). This was the first time NSW State Emergency Services had requested international assistance, and the first time we deployed overseas to a significant flooding event. Our team helped with operations, planning, public information, logistics, resources and air support.

Earthquakes in Türkiye and Syria

We provided two information management and USAR specialists remotely to help coordinate international search and rescue efforts in Türkiye. This support made international teams on the ground more effective.

Cyclones in Vanuatu

We deployed two USAR specialists as part of the Government's forward planning teams. They worked with local agencies to identify how Aotearoa could support their needs, and helped coordinate operations and information management.

Wildfires in Canada

Towards the end of the financial year, Western Canada requested international assistance following a significant fire season with over 3,000 fires. We deployed five contingents of wildfire response specialists, incident management staff and air operational staff. Our people worked in extremely tough firefighting conditions due to unseasonably hot, tinder-dry weather.



Partnering with the Australasian Fire and Emergency community

Partnering with AFAC fosters collaboration between Aotearoa and Australia for response assistance when required, training and development opportunities, knowledge sharing and good practice. This year we:

- ✓ received Australian assistance during Cyclone Gabrielle
- ✓ hosted a joint governance meeting with the AFAC Board of Directors
- ✓ benefited from specialised training available in Australia
- ✓ received AFAC support of operational reviews into major events
- ✓ attended the AFAC annual conference (AFAC22) in Adelaide. This strengthens our relationship with Australasian colleagues. We share ideas that are shaping the future of the sector through exploring research, equipment and technology.

Kia whai hua a Aotearoa

Delivering for Aotearoa

Working with others to prevent fires
and be ready to respond across Aotearoa

Across Aotearoa, our people are working to reduce the risk of fire, and to be ready for and respond to fires and emergencies. We work closely with all communities and our emergency service partners. We tailor our approach to risk reduction to help different groups of people understand the dangers and reduce the risk of fire, prepare for emergencies and respond when they happen.

This year we:

- strengthened our role as a regulator, by improving our processes
- continued to increase awareness and reduce the risk of fire in Aotearoa
- strengthened our understanding of wildfire so we are better able to respond
- continued to build strong partnerships with iwi and Māori
- improved how we work with other agencies to respond to the needs of our communities.

Disclosure: We have chosen to highlight key activities which demonstrate the work we are doing to achieve our commitment to work closely with others to reduce the risk of fire, prepare for emergencies and be ready to respond. These activities relate to the delivery of all five output classes and include initiatives to improve our performance.

Reducing the risk of fire

Reducing the risk of fire is one of our main functions. We tailor our approaches to risk reduction, so they work for different people and communities to prevent fires from happening and help keep communities safe.

In December 2021, we started a programme called Te Pae Tata¹, which included 12 projects and initiatives for delivery by June 2023. The purpose of the programme was to improve how we deliver our risk reduction activities to our communities.

We completed seven of these projects this year, concluding the programme. Benefits of the projects completed this year include:

- research to help improve our communication of wildfire danger and help us develop tools and channels for communicating wildfire danger
- guidance and training to improve our people's understanding of high-risk activities and how to mitigate risk during periods of high fire danger
- development of other frameworks, tools and guidance to support our risk reduction and regulatory compliance activities.

These projects included workshops and other stakeholder engagement. For example, we conducted a pilot at Lake Clearwater, with community members and partners, to test our firebreak² guidance. We published a detailed case study of it on our website³. Over the coming year, we will focus on communicating the programme results and supporting transition to business-as-usual activities.

Strengthening our role as a regulator

As we are a fire safety regulator, we have authority to intervene where fire behaviour is unsafe, or in cases of non-compliance. Our priorities remain:

- high-risk areas of non-compliance, such as emergency or transitional housing
- improving our compliance capability so we become a more effective regulator.

As a regulator, we use our compliance powers where:

- education fails
- an individual or organisation continues operating outside of the law, putting others at risk, or
- where the offending is serious.

In May 2023, we made our first prosecution under the Fire and Emergency New Zealand Act 2017 (Act). On 6 June 2023, the defendant pleaded guilty and was fined \$18,000. This outcome supports our risk reduction efforts during fire season and shows our commitment to dealing with cases of deliberate non-compliance.

As a regulator, we also need to ensure that there is an appropriate level of compliance to reduce risky fire behaviour and keep communities safe.

This year, we designed and implemented a reporting process for non-compliant activity. We trained District leadership teams and risk reduction personnel on how to identify and report non-compliance. Identifying buildings that qualify as 'relevant buildings'⁴, under the Act is challenging and we are developing a tool to make this process easier. The tool will help us ensure that all relevant buildings have an approved evacuation scheme.

¹ Te Pae Tata translates to 'the close horizon' and referred to immediate risk reduction projects that would make a measurable difference for our communities.

² A firebreak is a natural or artificial physical barrier against the spread of fire from or into any area of continuous flammable material.

³ fireandemergency.nz/assets/Documents/Files/2023-04-17-FENZ-1650-Lake-Clearwater-Firebreak-Case-Study-FINAL.pdf.

⁴ Relevant buildings are defined in section 75(1) of the Fire and Emergency New Zealand Act 2017

“You’re Cooked” serves up results

Each year, we respond to over 4000 house fires caused by unattended cooking. This is the leading cause of fires and the primary cause of injuries.

The “You’re Cooked” campaign, launched in November 2022, aims to prevent house fires by encouraging our most at-risk audience, those cooking while impaired by alcohol or other drugs, to ‘Stay off the stove’. The campaign was designed to be disruptive, and targeted the ‘Disengaged’ audience, who make up approximately 20 percent of the population. The Disengaged have a relaxed approach to life and don’t recognise fire safety as an issue. They are much more likely to leave their cooking unattended or cook under the influence of drugs or alcohol. Results in the first six months exceeded all our behaviour change objectives. Through our always-on public tracking survey, we observed a decrease in:

- claimed behaviour of leaving frying food unattended among the Disengaged from 51 percent pre-campaign to 30 percent post-campaign. (Target was 46 percent)
- leaving stovetop cooking unattended among the Disengaged from 34 percent pre-campaign to 19 percent post-campaign. (Target was 31 percent).

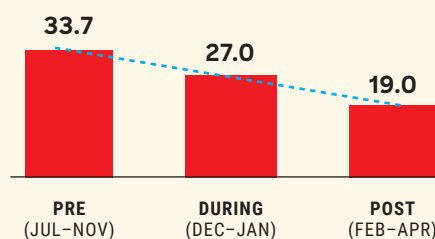
Disclosure: We have chosen to highlight this activity as it demonstrates our commitment to delivering in targeted risk reduction activities and the positive impacts of using evidence to inform these campaigns.

Through our incident data, we also observed a drop of 7.5 percent in unattended cooking incidents in January–February 2023 compared with the same period over the past five years.

This multi-award winning campaign works because it is strongly grounded in audience insights. We tested and refined the campaign idea with the target audience, we delivered our safety message by entertaining them, and we met them in their territory.



% Disengaged who left frying food unattended in the last month



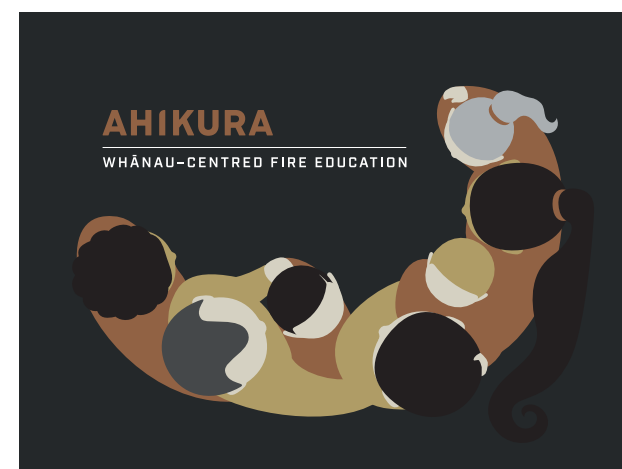
Fire safety education and campaigns

This year, we focused on making sure our fire safety programmes reach the right audiences and work for them. These programmes help us to reduce risk, provide accessible information, and change high fire risk behaviour.

Launching our whānau-centred fire education

Ahikura is our new whānau-centred fire education programme. We developed Ahikura because referrals to our previous Fire Awareness and Prevention Programme (FAIP) had been steadily declining. Our research told us the programme no longer resonated with the community or our people. We needed a refreshed programme that aligns with te ao Māori and resonates with Aotearoa. We took a co-design approach to developing Ahikura, bringing in perspectives from practitioners, non-practitioners, Pou Takawaenga, referrers and taiohi (young people).

Ahikura puts taiohi at the heart of our mahi: it emphasises understanding what led each young person to us. The approach and content developed for each taiohi and whānau is different depending on their age, cultural background, past behaviour and learning abilities. Initial feedback from our people has been positive and we are monitoring the uptake of the refreshed programme.



Campaigns targeting risky fire behaviour

In 2022/23, we worked with advertising companies to produce behaviour change marketing campaigns. These drive behavioural change by targeting messages to specific audiences identified through research. Two significant campaigns this year were:

- *You’re Cooked*, an unattended cooking campaign aimed at ‘the Disengaged’ audience (refer to previous page)
- *Three minutes to save a life*, an escape planning campaign aimed at ‘the Intenders’ audience, prompting people to complete a 3-Step Escape Plan for their whānau or household. It was pivotal in achieving our 2022/23 target of 62 percent of households claiming to have a household escape plan.

The success of these campaigns highlights the importance of using data, information, and research to better understand and tailor content to different audiences.

Working to reduce wildfire risk

We are continuing to improve our understanding of and ability to respond to wildfire, to help protect Aotearoa’s unique natural environment.

In September 2022, we ran a two-day wildfire training workshop at Awarua-Waituna wetlands in Southland, which was the scene of a large wildfire in April 2022. The workshop saw our firefighters working alongside Te Papa Atawhai Department of Conservation (DOC). The training provided theory and practical exercises to improve safety, and strengthened relationships with our colleagues at DOC.

The workshop included a whakamoemiti by mana whenua – a thanksgiving and recognition of the damage suffered from wildfire. Shortly after, we held a similar event in Thames and we will roll out this workshop nationally to develop stronger relationships with our partners across the motu.



Building stronger partnerships with iwi and Māori

We are focused on building strong partnerships with iwi through our local brigades and Pou Takawaenga Māori. This mahi helps us to better understand the hapori (communities) we serve, honouring Te Tiriti by delivering of fire and emergency services that are designed with hapori, for hapori.

This year, we celebrated the establishment of our Kaupapa Māori and Cultural Communities Branch (KMCC). This branch was established to put into practice our commitment to working with Māori as tangata whenua, ensuring there will always be cultural insights and contributions to our significant discussions and decisions. It focuses on:

- strengthening our understanding of the significant role that Māori play across Aotearoa
- the role of Māori in risk reduction and emergency management
- what it means for us as an organisation to keep Māori and other cultural communities safe.



Guidance for working with communities

In May 2023, we launched Kotahitanga, our community engagement framework. Kotahitanga enhances the mahi our people are already doing to make our community engagement easier, more efficient, and more effective. It has been co-designed by our people, for our people. It works for national campaigns, local community initiatives, ad hoc conversations and interactions with people on the street.

The framework provides clear guidance to help us work towards the same goals but allows our people to work with their communities and other groups in the way that works best for their audience.



Working with iwi to build community resilience

Community Risk Managers (CRMs) in the Bay of Plenty and Tairāwhiti regions established a relationship with Te Whānau-a-Apanui iwi, focused on enhancing safety measures and community resilience across the local rohe (region).

Disclosure: We have chosen to highlight this activity as it demonstrates our commitment to delivering targeted risk reduction activities and shows the benefit of working with high risk communities to deliver positive results.

Significant portions of these rohe face challenges, with areas designated as 'high deprivation' and 'high housing deprivation'. A large proportion are 65 and above.

Acknowledging these challenges, our CRMs collaborated with Te Whānau-a-Apanui hapū chairs forum. The forum discussed and then endorsed a fire safety campaign for their iwi. This started with a series of informative wānanga (seminars) tailored for local volunteers and iwi members. The wānanga covered essential topics such as how to install Google Nest smoke alarms within marae and training to improve home fire safety knowledge.

The campaign produced positive results, including Home Fire Safety Visits (HFSVs) to 50 percent of homes in the area. Marae Fire Safety reports were compiled for 12 marae, and Google Nest smoke alarms installed in 10 marae, bolstering their fire safety infrastructure.

Te whakawhanake i ā mātou tāngata Developing our people

Building a safe workplace that we are all proud
to be part of

Our 14,500 people are our most important asset and we are building a safe, positive and inclusive workplace for them. Changing the culture of our organisation will take time and require genuine shifts in our attitudes and behaviours. Who we are as an organisation is the result of what we do, say, and accept each day, and we all have a responsibility for this mahi.

This year we:

- agreed a settlement to the long-running industrial dispute with the New Zealand Professional Firefighters' Union (NZPFU), with opportunities to build ongoing working relationships with unions and associations
- worked to improve the safety, health and wellbeing of all our people
- progressed key projects to help keep our frontline people safe
- continued to build a positive workplace culture that celebrates diversity
- strengthened our cultural capability as individuals and as a collective
- worked to ensure volunteerism is sustainable into the future
- continued training and development to achieve our long-term vision.

Improving the safety, health and wellbeing of all our people

Our people often work in very dangerous environments and face critical risks. Our Critical Risk Management (CRM) programme establishes a framework for managing critical safety, health and wellbeing risks. Not all risks have equal potential to cause significant injury, illness, or fatality, so we focus on the critical risks that could cause the greatest harm to our people.

The CRM programme has three parts: defining, focusing and embedding. In the past year, we completed the first stage, which involved identifying our critical risks and understanding which ones were related. To do this, we worked with career firefighters, volunteers and non-operational staff to gain an in-depth understanding for each category of critical risk, what contributes to it, how we currently manage it and if we can do this better. We are now moving into the focusing and embedding parts of the programme.

Independent Muriwai Accident Investigation

Following the tragic events at Muriwai during the response to Cyclone Gabrielle, Fire and Emergency commissioned an independent investigation. This was to identify all the factors that contributed to these events and to reduce the risk of something similar happening in the future.

The report made four recommendations, which focus on raising awareness and knowledge of hazards and reviewing our critical risk management programme. We are working to address the recommendations. This includes:

- reviewing our risk management standard
- a national safety notice advising operational personnel on working safely around landslips and subsidence
- developing training modules for landslip awareness and considerations when responding to landslips
- increasing our national USAR response capability by providing training and equipment to districts and brigades in areas with greater potential for earthquakes and landslides.

Improving frontline capabilities

Working safely in water

This year, we improved our capability to respond safely to water-related events such as flooding. This capability was crucial during the response to Cyclones Gabrielle and Hale, where our specialist teams carried out 32 water-based rescues, as well as assisting in multiple evacuations and other incidents. Prioritising this training is important to equip our people with the skills and knowledge they need to work in these environments.

Improving gas detection capabilities

Gas detectors are an important safety tool for our people and the public. They monitor carbon monoxide (CO) and other toxic gas levels at some of the incidents we respond to. This can help make sure we aren't putting our people, or members of the public, at risk.

This year, we introduced 675 new personal CO monitors and rolled out training to users. The monitors will measure and sound an alarm at specific CO levels. This alerts the user that they need to increase respiratory protection or move out of the area to limit exposure.

We also introduced new gas monitors to protect our people from toxic gas at fires, gas leaks, refrigerant plants, accidental and self-harm medical events, confined spaces, and post-fire investigations. These devices will help keep firefighters safe and help them respond more effectively.

Reducing exposure to carcinogens

We are working to reduce firefighters' exposure to carcinogens and manage the consequences of exposure better. This year, we rolled out an education and awareness campaign covering areas such as removing Personal Protection Equipment (PPE) hygienically, wearing P2 or N95 masks, and using decontamination wipes after exposure.

We also trialled a post-fire management system that will help minimise firefighter exposure to carcinogens and asbestos at the incident ground. This system is a five-step tool designed to direct firefighters through a recommissioning and rehabilitation process at incidents.

The three-month trials took place in Auckland, Palmerston North, Feilding and Christchurch to get feedback to further refine the system so it is fit for purpose.

Continuing to build a positive workplace culture

In December 2022, Te Kawa Mataaho Public Service Commission released the findings and recommendations of their Independent Review of Fire and Emergency's Workplace Culture and Complaint Handling Practices (the 2022 Review). In response to these recommendations, we established the Eke Taumata project. Eke Taumata supports and describes how we will achieve long-term workplace culture change to enable a positive experience for our people.

The Fire and Emergency Board and Executive Leadership Team commissioned the Eke Taumata project team to review these recommendations over the six months to June 2023 and consider options to achieve them.

We started with a current state assessment. This looked at work currently under way or recently completed that improves our workplace culture. We also reviewed existing strategies, policies and processes to identify more opportunities.

We reviewed training and development offerings to identify opportunities to further support personnel to respond to bullying and harassment, improve people leadership skills, and be an upstander.

We started reviewing how we manage complaints, from initial enquiries to resolution, and implemented a new complaints management model⁵. We are moving towards a hybrid model for managing complaints with an independent 'front door' for people to make enquiries or raise complaints. The new model will provide independence, and help us resolve complaints faster and more consistently.

To develop a fit-for-purpose complaints management model, we engaged widely with our people and our unions, associations and employee-led networks.

The changes we made this year contributed to three key objectives to align with the feedback we have received: increasing independence, providing greater confidentiality and improving timeliness. These changes will provide more independence, resolve cases more quickly, and access more specialist skills for our people now. Over the coming year, we intend to put in place a sustainable complaints management structure that will serve Fire and Emergency into the future.

Kia Toipoto – Improving pay equity

Improving pay equity is a key aspect of improving our workplace culture. Kia Toipoto⁶ is a comprehensive action plan to close gender, Māori, Pacific and ethnic pay gaps in the Public Service. In December 2022, we published our first gender and ethnic pay gaps analysis and in March 2023 we published our first Kia Toipoto action plan⁷. We developed the plan with the support of an advisory rōpū (group) that included representatives from across the organisation and from our unions and associations.

The plan includes actions to understand and address our pay gaps, as well as increasing leadership and representation for wāhine Māori, Pacific women, and women from ethnic communities. Our goal is to create a fairer workplace for all, including people with disabilities and members of Rainbow communities.

We will continue to report regularly on our progress towards reducing gender and ethnic pay gaps.



Celebrating diversity in our organisation

A key step to improving our culture is supporting and celebrating the diversity within our organisation through the people we work with, and alongside, every day.

Rainbow network launch

In March 2023, we launched our Whiria te Tāngata Rainbow Network. Whiria te Tāngata, which means 'weave people together', was founded by a group of our career, volunteer and non-operational people. The network increases visibility, inclusion and participation of people with diverse sexual orientation, gender identity and expression and sex characteristics, in Fire and Emergency.

To support the launch, we released a new e-learning module, 'Including the Rainbow Communities at Fire and Emergency New Zealand'. This module helps our people learn about Rainbow communities, how to use inclusive language and where to gain more information. When our people complete the module they can request a rainbow lanyard or a pin to wear proudly every day.



International Women's Day

We celebrated International Women's Day with a photo exhibition and profiles of female firefighters online and at our offices across the motu. In these profiles our firefighters talked about the challenges, rewards, and enriching experiences of their careers, and how they not only give of themselves but also to many others through networks, mentoring and community engagement.

We also showcased our Girls on Fire pilot programme at our National Training Centre (NTC) in Rotorua as a unique opportunity for young wāhine to experience life as a firefighter. The one-day pilot took 20 attendees through activities to give them an idea of what life would be like as a firefighter. The aim of the programme is to promote and increase the recruitment of women and ethnically diverse people to fire agencies.

⁵ Recommendations 14, 15 and 16 of the 2022 Review. publicservice.govt.nz/assets/DirectoryFile/Independent-review-of-FENZs-workplace-culture-and-complaints-handling-practices-Final-report-Nov-2022.pdf.

⁶ See publicservice.govt.nz/system/public-service-people/pay-gaps-and-pay-equity/kia-toipoto/ for details.

⁷ To read our Kia Toipoto Action Plan, please visit fireandemergency.nz/assets/Documents/Files/FENZ-1626-Kia-Toipoto-Action-Plan-FINAL.pdf.



Hokitika Brigade wearing their Tohu.

Strengthening our cultural capability

As a contemporary emergency management service, we are striving to become more culturally capable so we can recognise, honour, and learn from the contribution of Māori to all facets of our organisation.

Upskilling our people through 'Kawhe me te Kōrero'

'Kawhe me te Kōrero', which translates as 'Coffee and Conversation', enables our people to connect with each other online and learn more about kaupapa Māori through live online wānanga (discussions/lessons) held throughout the year.

This year, we held 13 Kawhe me te Kōrero sessions. The sessions covered themes aligned with Te Wiki o Te Reo Māori (Māori Language Week), Te Tiriti o Waitangi, and Matariki. Speakers were invited to lead these diverse classes, generously sharing their mātauranga (knowledge).

Launch of Tahutahu Wairua, Monday morning karakia

During Te Wiki o Te Reo Māori (Māori Language Week, 12–16 September 2022), members of our Executive Leadership Team were invited to share a morning karakia of their choosing online. This initiative was well received and paved the way for Tahutahu Wairua (to invigorate your mood/soul), a weekly karakia.

As part of this initiative, we invited our people to lead a karakia. Tahutahu Wairua now has participants from diverse backgrounds taking turns to lead the karakia. These sessions fostered inclusivity by encompassing various languages and religious affiliations.

Celebrating success with Te Tohu

Each member of the Hokitika Volunteer Fire Brigade was awarded Te Tohu after they dedicated a training night to the cultural competency resource, He Tīmatanga Kōrero. Te Tohu is a wearable pin awarded to anyone at Fire and Emergency who passes an online knowledge check based on He Tīmatanga Kōrero.

The success of this initiative prompted other brigades to follow suit. They shared their achievement at the national United Fire Brigades' Association (UFBA) conference and at regional Volunteer Leadership Conferences. Over 200 brigades have received a Kaupapa Māori training pack. These packs have resources and advice on completing He Tīmatanga Kōrero as a brigade.

Piloting Te Aho Tapu, our cultural capability framework

Since its inception in July 2021, the Hiwa-i-te-rangi programme⁸ has collaborated with over 150 individuals across our five regions to design a framework to improve our organisation's cultural capability.

The insights provided by our team members, combined with guidance from Te Arawhiti Office for Māori Crown Relations, and our Pou Takawaenga (Māori Liaison Officers), culminated in the formation of this framework. The name, 'Te Aho Tapu', was contributed by Station Officer Hanna Wainohu from Napier Station.

In July 2022, we officially launched the Te Aho Tapu initiative. A select group of 80 participants then spent 12 months testing the framework and piloting resources to help people progress through its various levels.



Having a dedicated cohort to pilot these resources will help us to understand what works and more importantly, what doesn't work, for our people.

By enrolling in the Te Aho Tapu Learning Programme, participants embarked on a year-long journey of activities designed to enhance their cultural competency. This encompassed wānanga (workshops), visits to marae, e-Learning modules, discussion forums, and te reo coaching. These different components were designed to support individuals to cultivate and advance their cultural capability practices.

'I have just addressed my group with a local marae and used all the te reo I have learnt – my team and the iwi were very proud of me, gave me pride' – District Manager.

'I have been able to use the kupu (words) we had learnt and use it while on station, whether it be greetings or signing off in emails in te reo' – Station Officer.

'Being able to explain to my crew the origins of names and places within our area. Giving meaning and some understanding. Also, I am a leader within

⁸ Hiwa-i-te-Rangi is our Māori Outcomes programme, which helps us improve our services by building a better understanding of Māori culture.



Tāmaki Makaurau – it has helped me be more effective in any Ao Māori space* – Station Officer.

To initiate meaningful transformation and drive improvements in cultural capability, we need to make well-informed decisions. The insights derived from this pilot will play an important role in building a resilient framework that will endure well into the future.



Continued training and development

Paearu Mahi is a learning and assessment programme that will verify the competence of senior ranked officers, assuring the organisation that those leading our most serious incidents have – and maintain – the right skills and knowledge to meet our responsibilities under the Act.

In March 2023, we published the Paearu Mahi Incident Leadership Competency Framework. This framework incorporates lessons learned from previous similar work and draws on extensive consultation with unions, associations, and our people.

We will use Paearu Mahi to design assessments that will ensure incident management team members meet the standards for effective incident leadership. The framework will also help prepare those who will lead major incidents on the front line for competency assessment.

Resetting how we support our people

This year, we reset our people services functions to improve how we support our people. We announced final decisions on the new structure in February and March 2023 and implemented it over the rest of the financial year.

We stood up the People Branch Leadership Team on 1 June 2023 and will stand up the full People Branch structure in the 2023/24 financial year.

These changes will:

- increase our focus on safety, health and wellbeing
- provide dedicated support to our volunteers
- improve learning and development
- create a clearer pathway to access services.

New ways of working: New national headquarters

The lease on our previous national headquarters building ended this financial year, and in September 2022, we moved into a new office space in the Wellington CBD. An early morning blessing ceremony guided our people and taonga safely through the offices to their new home. The new space has been designed to provide various different options and ways to work.

These new spaces are flexible, connected, fit for purpose, and provide a hybrid working environment. Hybrid working aligns with the Kia Toipoto requirement that public sector agencies offer equitable access to flexible-by-default working by the end of 2024 in a way that suits each role.

Ensuring volunteerism is sustainable

We have about 11,700 volunteers at over 600 stations nationwide. Volunteers are vital members of our organisation and the communities we serve. We are committed to making sure our volunteers' experience is safe, positive and rewarding. We have made this commitment through our Volunteerism Strategy 2019–2029.

This year, the volunteer attraction surge project supported 53 volunteer brigades across Aotearoa to improve the way they attract volunteers to join our organisation. The project team visited brigades and worked alongside them to develop locally targeted attraction plans, run events, and create advertising collateral tailored to their brigade and community needs. Their support gave brigades new approaches and new collateral to support their ongoing attraction efforts over the coming years.

After a three-year hiatus due to COVID-19, our biennial regional volunteer leadership conferences restarted this year, with events run across May and June 2023 in each of our five regions. These conferences bring our volunteer leaders together over a weekend, where they can connect with their peers, talk with our Fire and Emergency leadership and help shape the future of volunteering at Fire and Emergency. They give our people an invaluable opportunity to kōrero about the challenges and opportunities they face and how we can better support our volunteers.

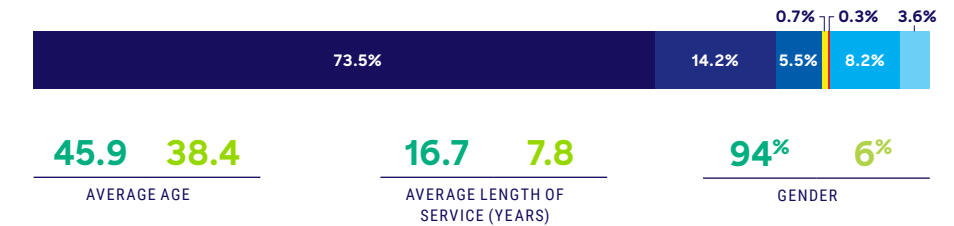
Our People Profile

As at 30 June 2023



CAREER FIREFIGHTERS

1,807
HEADCOUNT



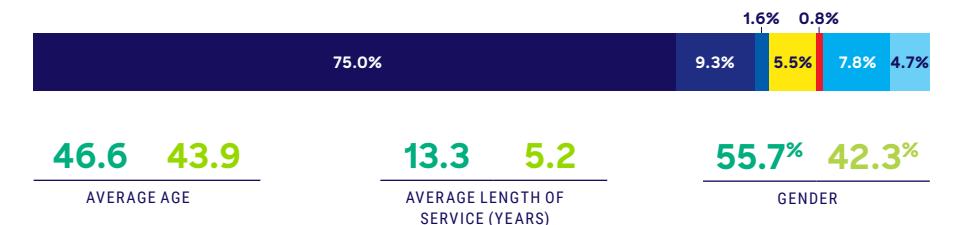
VOLUNTEER FIREFIGHTERS

8,547
HEADCOUNT



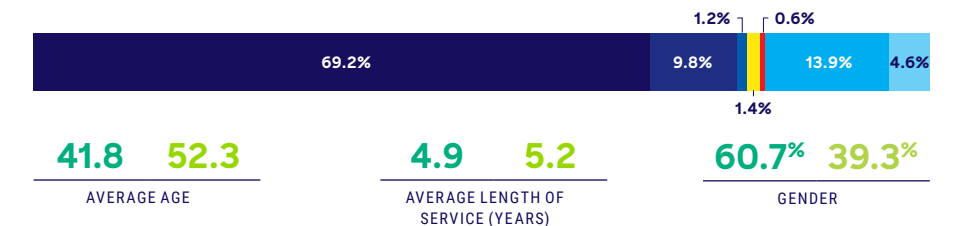
MANAGEMENT AND SUPPORT

1,138
HEADCOUNT



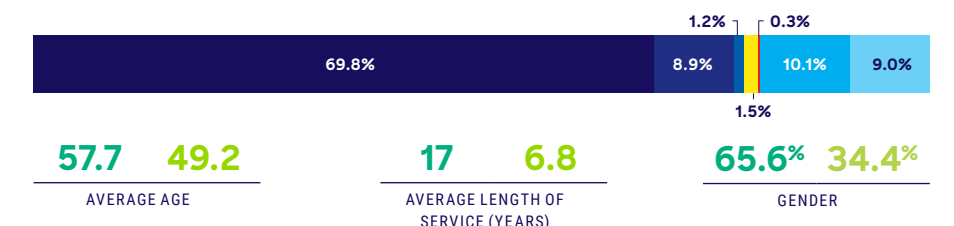
VOLUNTEER BRIGADE SUPPORT

2,117
HEADCOUNT



VOLUNTEER OPERATIONAL SUPPORT

1,168
HEADCOUNT



Te hanga o ā mātou pakihī Building our business

Understanding how to best adapt to our changing environment so we can deliver for communities

We have a capital asset base of approximately \$1.36 billion, with 645 fire stations and depots across Aotearoa, as well as offices and training facilities. To serve our communities safely now and in future, our frontline teams need the right assets – buildings, vehicles, tools and equipment. This is why it's vital we invest in, maintain and manage our resources well.

We also need to take a sustainable approach to managing our assets. This includes ensuring we have the right assets in safe condition, in the right place, at the right time. Our assets have long useful lives, so when we make decisions about them, we need to be well informed about and keep pace with changes. These include changes to our climate and our urban environments, and new risk or incident types.

With such a large asset base, this is a big job. It relies on stable, predictable and sustainable funding so we can make long-term plans to invest in and build the capabilities we need to meet community needs as they change.

This year we:

- invested in our property, fleet and equipment
- improved our use of data and technology
- launched our *Climate Response Strategy 2022–30*, setting out our focus areas for addressing emissions and how we will adapt to climate change
- worked with Te Tari Taiwhenua Department of Internal Affairs (DIA), our monitoring agency, as we took steps to manage unforeseeable cost pressures.

Maintaining fit-for-purpose assets to support our work

To do our job well, we need to improve the condition of some of our assets and equipment so they are safe and reflect our current needs. This year, we began improving our procurement processes so we could improve how we source for this work. The result is a procurement improvement roadmap, which includes:

- a redesigned procurement team focused on capability and practice, sourcing and business partnering
- reviews of procurement policy and the contract management system, and strategic reviews of key suppliers and areas of spend
- a new onboarding process for contractors to support compliance and improved processes
- new reporting which will improve transparency.

We will continue implementing the procurement improvement roadmap over the next year.

We are developing asset management plans across each asset class, and will use them to prioritise our investments and inform business planning. We are structuring these asset management plans to prioritise legislative and health and safety requirements, so that our assets are safe and fit for purpose.

Property

Our capital works programme ensures our facilities are safe, sanitary, fit for purpose and sustainable. This year, we continued investing in meeting these goals. We opened new stations in Sumner, Darfield and Kaikōura, completing projects accelerated as 'shovel-ready' under the COVID-19 Response and Recovery Fund (see case study).

We also made progress on the design and build of new Live Fire Training facilities. These allow our firefighters to train in a 'real-life' environment and practise the skills they need for responding to a real event. They also provide opportunities to educate and engage with our communities. They are made from shipping containers connected to a containment system that collects smoke particles. This reduces emissions and allows us to clean up contaminants, reducing the impact on our environment.

Fleet

This year, we continued our programme of fleet renewals. We took delivery of 36 new appliances⁹ – a significant refresh, given the constraints of COVID-19 on the global supply chain.

Our two major appliance procurement projects also reached key milestones:

- The Next Generation Type 3 Appliance Project took delivery of four trial Type 3 appliances¹⁰, our standard pumping appliance. They will be tested at four stations, so firefighters can give frontline feedback into our supplier selection process.
- We ordered five aerial appliances¹¹ as part of our aerial appliance replacement project.

We continued migrating to a more fuel-efficient and lower-emission fleet by acquiring 10 more light electric vehicles (EV) and 6 EV chargers.

We continued our regular annual proactive maintenance of our fleet of 2,138 vehicles and trailers. We proactively serviced and inspected our vehicles that responded to Cyclones Hale and Gabrielle, to make sure we could identify and address any immediate or potential impacts of this response on our fleet.

⁹ The range of heavy vehicles we use to attend incidents and events.

¹⁰ Type 3 pumping appliance for use in metropolitan areas and high-capacity pumping.

¹¹ Includes three Type 5 medium, one Type 5 large and one Type 6. Aerial appliances are typically used in metropolitan areas where access to tall buildings require them.

Completion of CRRF rebuild and upgrades



In 2020/21, the Government approved a capital injection of \$51.30 million from the COVID-19 Response and Recovery Fund (CRRF) to rebuild and upgrade 26 fire stations.

CRRF was an opportunity to accelerate our national property capital works programme towards our goal of fit-for-purpose facilities. This work ranged from replacing stations that had reached the end of their lives or had significant seismic issues, to partial refurbishments and improvements.

The CRRF funding allowed us to deliver new and improved facilities in 26 locations earlier than planned. Although COVID-19 lockdown measures and associated supply delays resulted in milestone delays for some projects, we completed all CRRF projects this year. The final project we completed was Kaikōura. The brigade moved in, and the site became operational on 4 March 2023.



Equipment and logistics

This year, we introduced a national logistics model¹² based on a nationally led, regionally executed, locally delivered 'from factory to fireground' approach that embeds key suppliers into our logistics networks.

We also:

- opened our Service Centre in Silverdale which consolidated equipment from nine sites into a purpose-built and more accessible site
- invested in field servicing trailers to support frontline responses right at the fireground
- upgraded our first Hosemaster hose care machine, which is located at the new Silverdale Service Centre
- purchased a second Hosemaster hose care machine to bring this capability to the South Island
- improved information for users, including check sheets and resources to help improve operational equipment availability
- introduced a framework for managing and maintaining our operational equipment more effectively over the whole of its life
- continued improving core data and information quality for our equipment and logistics
- established an automated inventory management function for firefighting foam
- partnered with our suppliers, unions and associations to introduce a formal equipment evaluation and trial framework and methodology to bring new operational equipment into service
- continued to grow relationships with our suppliers to mitigate the effects of ongoing global supply and distribution challenges.

Improving our use of data and technology

On 31 October 2022, we implemented a new Information and Communication Technology (ICT) structure to support the organisation as our digital reliance grows. The new structure is designed to improve our data and technology systems and processes, aligned with our Digital Strategy.

This year, we focused on improvements to our digital workflow and core network, including implementing:

- the enterprise integration platform which sets us up for effective data collection, improves how our systems talk to each other and modernises our network to support efficiency in our processes
- an automated workflow platform, which will become our single platform for common workflow processes such as evacuation schemes, volunteer payments, our incident payments system, and a replacement for the levy processing system.

Managing and sharing data better and improving security are the remaining foundational areas for improvement. This year, we focused on upgrading our data centres, disaster recovery for business-critical applications and overall resilience. We expect this to be completed in 2023/24.

¹² The model is part of our National Equipment and Logistics (E&L) Strategy 2020–2025.

Building a common operating picture to support cyclone response



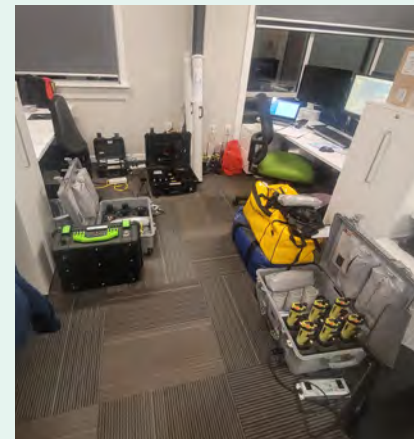
During the Cyclone Gabrielle response in early 2023, our ICT, telecommunications and radio staff stood up 24/7 support.

We provided satellite links for communications continuity when other systems were inoperable. Our ICT teams used surge capacity across the North and South Islands to provide continuous support to our frontline operations.

Our communications and technology capability supported teams on the ground to re-establish communications during extensive outages across all communication channels. These included mobile, telephone, internet, radio and pager networks.

As part of the Cyclone Gabrielle response, we developed and delivered a geospatial common operating picture (COP). A COP is a display of operational information shared by more than one agency. This information includes position of personnel and position/status of infrastructure such as bridges and roads.

The COP addressed a persistent gap across emergency management agencies and government during



major natural disasters – the lack of a common view of information. It provided data and information to approximately 30 government agencies. Feedback from users was that the platform was very useful, and there is a strong demand for a cross-government COP to be in place for future events.

We are working with other agencies to explore what a future COP might look like using lessons learned from the Cyclone Gabrielle response.

Investing in research and evaluation to inform evidence-based decision making

As we are a learning organisation, we recognise the value of research to support policy development, decision-making and service improvement. We use our research to evaluate how we carry out these functions so we can keep improving.

Research is crucial to various functions throughout our organisation. These include:

- communications and engagement
- market research
- surveys of our people
- audience segmentation research to inform specific risk reduction initiatives and activities
- improving our services to iwi and hapū
- wildfire and fire behaviour.

Over the past year, we have completed research that will help our people deliver readiness and recovery initiatives for our communities. This includes research into Northland's 2021–22 Waiharara fire and an evaluation of the Hawke's Bay Recovery Team.

We have also presented key research and findings to the wider Australasian emergency sector – specifically, our research into the early journey of volunteers and career firefighters. This identified issues that our people face in their early careers and areas for improvement. It also led to research into the experiences of women and Māori firefighters.

We publish an annual summary of research projects. Our 2022/23 summary is available on our website.

Using planning and evidence to inform resourcing decisions

Evidence-based resourcing is an integral part of our planning. It informs our future capital and resourcing requirements, how we determine our funding requirements from levy, and our investment decisions.

This year, we continued our mahi to build the right skills and equipment across our specialist response capabilities. This included rolling out our USAR first responder training programme in areas where we have identified the need for additional capability and capacity. After pilots in Greymouth, Queenstown and Blenheim, we rolled out the course to 23 other brigades in the South Island and 14 brigades in the North Island. We are preparing for more courses focusing on the northern parts of Aotearoa.

We also implemented an integrated planning approach at a district level. We supported our District Managers with planning, and worked on improving our guidance to ensure our integrated planning helps us with our local planning, to better support our local communities.

Local Advisory Committees

Local Advisory Committees (LACs) are one way we capture community voices and insights to strengthen our strategy and planning. LACs bring insights through their connections and community networks, help us build effective relationships with local communities and influence how we reduce risk and increase preparedness in communities.

Over the last year LACs connected and worked with vulnerable and remote communities, strengthened our engagement with Māori, promoted volunteerism and helped us to understand barriers to volunteering, and worked with our district teams to strengthen community resilience.

In March 2023, 19 new members were appointed to six LACs in Northland, Tairāwhiti, Hawke's Bay, Marlborough, West Coast and Otago. Twenty-eight existing LAC members were reappointed for a second term, which will provide valuable continuity to the committees.

A year one evaluation provided positive results and with our district teams well established, our Board agreed we're now ready to set up the remaining LACs during 2024.



Saving water with the PTM

Fire crews in Auckland are saving millions of litres of water a year by using the Pump Training Module (PTM).



Pump operations is one of the most important and frequent training that our firefighters participate in. It is also uses a lot of water. Pump training helps operators to develop, refine and maintain skills associated with managing water supplies at incidents.

Staff in Counties Manukau developed the PTM after Watercare implemented water restrictions during the 2020/21 drought. Watercare requested that where possible, Fire and Emergency use less water.

The PTM is a modified building skip based on an Australian model, but smaller and more cost-effective. Five PTMS were created using funding from Watercare for use across Auckland.

From April 2022 to May 2023, four PTMs circulated across stations in the Waitematā and Counties Manukau districts.

One PTM was stationed at the Regional Training Centre in Mt Wellington.

The year-long pilot showed that the PTM:

- is effective as a tool for pump operator training and pump operator maintenance training
- reduced water consumption at stations that used it
- was an asset to rural stations not on reticulated water because it enabled more training with limited water consumption
- was easier to use in urban stations, which have limited space to train, while reducing run-off to neighbouring properties
- increased the incentive and opportunities for pump training.

The pilot evaluation also identified opportunities to improve the design of the PTM.

Sustainable future capability

We need sustainable and predictable funding so we can plan how to deliver services safely, develop our people’s capability and address our asset portfolio challenges. This year, with Government support, we settled a long-running industrial dispute, signing a new collective agreement with the NZPFU. This created immediate cost pressures for us. As part of our management plan, we drew down on a \$75.4 million Crown loan to offset our capital expenditure, and worked with the DIA, the Minister of Internal Affairs and Cabinet to change our levy funding.

In May 2023, after public consultation, Government introduced a new transitional levy of 12.8 percent, which will take effect on 1 July 2024. This increase covers the cost pressures and the repayment of the Crown loan.

We also began working with DIA to advise the Government on longer-term adjustments to the levy regime under the Fire and Emergency New Zealand (Levy) Amendment Act 2023. This is a legislative requirement. The purpose of the longer-term adjustment to the levy system is to:

- make the levy system more equitable for policyholders
- make sure we are sustainably funded into the future
- make sure the system is predictable so policyholders know the amounts to pay and we know how much income we will receive.

Even with these changes, we may not have the funds we need to invest in our critical assets. We have started developing a strategy for sustainable funding across our organisation and to understand our future resourcing needs. Over the coming year, we will keep working to identify the potential shortfall and possible solutions.

Responding and adapting to climate change

In October 2022, we launched our *Climate Response Strategy 2022–2030*. The strategy outlines how we will focus our emissions reduction efforts on seven key areas:

- reducing our fleet’s diesel consumption
- increasing the energy efficiency of our buildings
- promoting efficient travel
- exploring options to reduce training-related travel
- increasing awareness and promoting behaviour change
- establishing routine emissions monitoring and reporting.

Carbon Neutral Government Programme

To achieve emissions reductions in line with a 1.5°C pathway¹³, total gross emissions need to decrease 21% by 2025 and 42% by 2030, compared to our baseline year (2018/19).

In 2022/23, our total emissions from mandatory sources¹⁴ were 14,020 tonnes carbon dioxide equivalent (tCO₂e). This is 16.8 percent lower than our baseline year (2018/19) of 16,849 tonnes, but 4.2 percent higher than 2021/22 (13,412 tonnes). Including our supply chain estimates¹⁵, our total emissions were 44,884 tCO₂e. This was 12.5 percent lower than the baseline of 51,275 tonnes and the lowest of any year since measurements started.

¹³ Aotearoa New Zealand’s first emissions reduction plan, led by Manatū Mō te Taiao Ministry for the Environment, contains strategies, policies and actions for achieving our first emissions budget and contributing to global efforts to limit global temperature rise to 1.5°C above pre-industrial levels.

¹⁴ These are sources of emissions we must report on, e.g. fuel use and refrigerant and other gas use.

¹⁵ These are outside Fire and Emergency New Zealand and include hard-to-track items such as the “embodied emissions” released when making products that we use. Our supply chain emissions are estimates based on how much we spend.

In 2022/23, our mandatory emissions increased slightly on the previous year. This was due to increased:

- air travel, some of which was from deploying firefighters to assist our international partners (e.g. Canada and Australia) or across Aotearoa in response to events like Cyclone Gabrielle. Total air travel emissions are still lower than the baseline
- light fleet emissions – 2022/23 was the first year since our baseline (2018/19) that was not significantly impacted by pandemic lockdowns
- gas use at our NTC with a higher number of training courses. Natural gas use for heating and cooking across our stations fell slightly.

Challenges to decarbonisation

Two of our largest mandatory sources of emissions are our heavy vehicle fleet and the aircraft and helicopters we use to fight wildfires. Viable alternatives are not currently available. This significantly limits our options for reducing our total mandatory emissions by the target of 42 percent by 2030. We are treating these two emissions sources separately, and have set targets to reduce all our other mandatory sources in line with a 1.5°C pathway.

Despite the increase in mandatory emissions from last year, we are on track for a 21 percent gross reduction in mandatory emissions by 2025. However, the 2022/23 results demonstrate that we need to work to sustain reductions once we achieve them.

Emissions reduction initiatives

Our fleet optimisation strategy sets out how we will build a fit-for-purpose fleet with emissions which are as low as possible yet do not compromise our ability to deliver our core services.

We have a project underway to optimise and, where possible, electrify our light vehicle fleet. As of 30 June 2023, we have 31 electric vehicles – battery-electric and plug-in hybrid. Our focus for heavy vehicles is to optimise their use.

We have reduced travel emissions by maintaining lower levels of travel and using alternatives such as video calls instead of in-person meetings.

Since March 2021, we have used the national air desk to coordinate all requests for aircraft and helicopters. As well as reducing our use of aircraft and thus emissions, the air desk enables us to extinguish wildfires more efficiently by ensuring that the right assets are used in the most effective way.

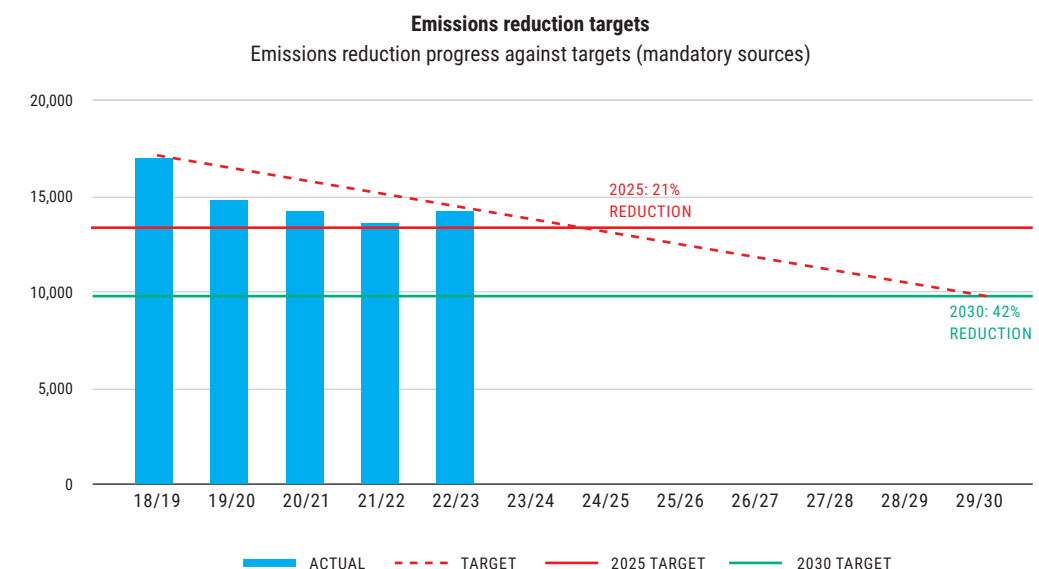
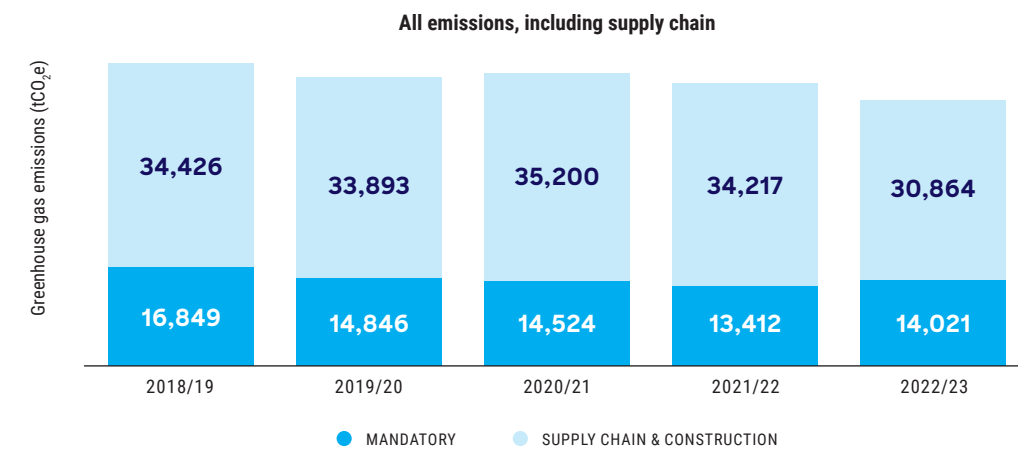
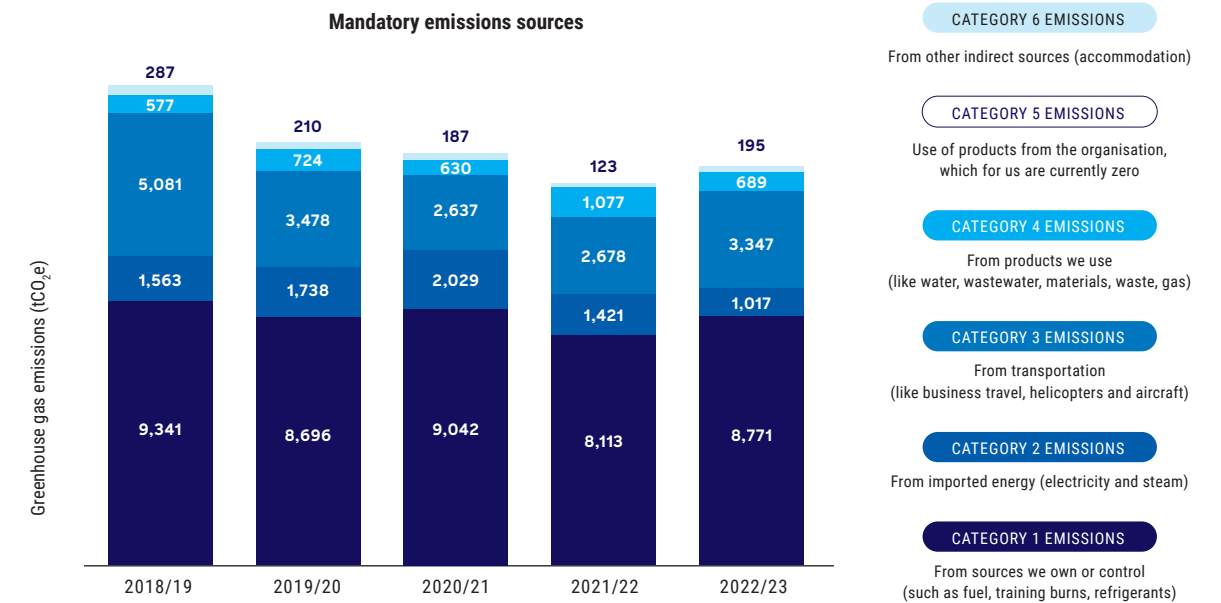
When constructing or upgrading buildings we follow Government guidelines on insulation, low-carbon building materials, and optimised design to ensure better energy efficiency. We have an ongoing project to upgrade lighting and other electrical systems in our existing buildings and we have piloted solar panels on selected buildings.

Adapting to climate change is about more than just reducing our emissions. Our Pump Training Module case study highlights a people-led solution to challenges presented by our changing environment.

Emissions sources and scopes

The table below shows Fire and Emergency's total greenhouse emissions from mandatory and supply chain sources to the nearest whole tonne of tCO₂e. Supply chain sources are currently only spend-based estimates. Appendix 1 has breakdowns of emissions and reduction targets by source.

Source	2018/19 Baseline	2019/20	2020/21	2021/22	2022/23
Total (mandatory sources)	16,849	14,846	14,524	13,412	14,021
~Total (supply chain)	34,426	33,895	35,200	34,217	30,864
Grand total	51,275	48,740	49,724	47,629	44,884



Te āhua o ā mātou mahi

Our performance

Statement of responsibility

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

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

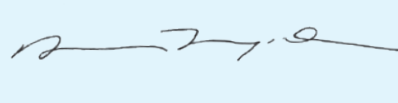
We are responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, apart from the impact of the industrial action on reportable outputs explained on page 45, these financial statements and statement of performance fairly reflect the financial position and operation of Fire and Emergency New Zealand for the year ended 30 June 2023.

For and on behalf of the Board:



Rebecca Keoghan
Chair



Hon Ruth Dyson, QSO
Deputy Chair

31 October 2023

Statement of Performance for the year ended 30 June 2023

Fire and Emergency's 2022/2023 Statement of Performance Expectations (SPE) and 2023–2027 Statement of Intent (SOI) set out our organisation's strategic direction and priorities.

The SPE sets out our expected non-financial and financial performance for the year to 30 June 2023. This Statement of Performance reports on our performance against these expectations for the year to 30 June 2023.

The Statement of Performance of Fire and Emergency New Zealand has been prepared in accordance with the requirements of the Crown Entities Act 2004, which will include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The Statement of Performance has been prepared in accordance with Tier 1 PBE financial reporting standards, which have been applied consistently throughout the period, and complies with PBE financial reporting standards.

Reportable outputs

1. Fire prevention, including promotion of fire safety, compliance and enforcement
2. Fire response and suppression
3. Render safe hazardous substances and provide for safety at incidents
4. Rescue as a result of transport accidents and Urban Search and Rescue (USAR)
5. Respond to other emergencies, including medical, maritime, other rescues and natural hazard events

Additional measures we report against:

- SPE milestone measures – Organisational health and capability
- Selected non-departmental appropriations in Vote Internal Affairs¹⁶.

¹⁶ Vote Internal Affairs is administered by Department of Internal Affairs

Disclosure of judgements

Selection of performance measures

Fire prevention measures – we designed the fire prevention measures, including promoting fire safety, compliance and enforcement, to measure the effectiveness of our risk reduction activities. They are quantitative output measures that capture how well prepared New Zealanders are if a fire breaks out in their home.

Response time measures – we assume that there is a correlation between quicker response times and positive community outcomes. However, response time measures are also useful because they show us how we allocate resources, and how we are meeting our legislative requirements under the Fire and Emergency New Zealand Act 2017.

In 2023/24, we will begin a refresh of our performance measurement framework. We are looking to develop outcome-based measures to better reflect the impact the risk reduction programmes and quicker response times have in our communities.

Aggregation of performance measures

We aggregate our timeliness performance measures for responding to structure fires (output 2.1) and responding to medical emergencies (output 5.1) into two groups – career firefighters and volunteer crews. We set different response times and performance targets for these groups based on the reasoning that volunteers need additional time to arrive at the station before dispatch to incidents.

We aggregate our Communication Centre dispatch timeliness measures into two groups – urban and rural – that have different performance targets. The targets reflect the differing complexity in dispatching incidents in a rural or urban environment as there can be delays in determining exact address locations in some rural locations.

Other timeliness measures for response to vegetation fires (output 2.1), response to hazardous substances incidents (output 3.1) and response to transport accidents (output 4.1) have a single performance measure and target for all of Aotearoa, which reflects our consistent performance expectation for these specialist resources across the country.

Our measurement methodology

When an incident is logged, a report is generated and the incident is automatically assigned to the first arriving appliance. After attending the incident, the report is reviewed in our Station Management System (SMS) and updated with any vital information and comments. We use this updated SMS data to inform our performance measure results.

Replacing 2021/22 performance measures for 2022/23

One performance measure from output class 1 (1.2.1 Rate of connected PFA false alarms per 100 connections) was replaced with a new measure (1.2.1 Reduction in appliance movements to unwanted alarm events) to increase focus on the reduction of false alarms.

Removing 2022/23 performance measures for 2023/24

We have removed two 2022/23 performance measures from the performance measures for 2023/24 because we can no longer report on them accurately. We removed:

- the Fire Awareness and Intervention Programme (FAIP) measure for the 2023/24 year as referrals have steadily declined over the last few years. We researched why this was happening, and the programme has since relaunched with refreshed content and a new name, Ahikura. We have introduced a new measure for 2023/24 that focuses on increasing the number of referrals to the programme.
- the reduction in false alarm movements measure because we've paused the initiatives proposed to support this measure while we engage further with our stakeholders.

Impact of industrial action on reportable outputs

As part of industrial action in support of their bargaining claims, NZPFU members did not perform non-operational duties for significant periods during the first six months of the 2022/23 financial year (July–December 2022).

Non-operational activities such as Firewise (measure 1.1.2 and 1.1.3) and Home Fire Safety Visits (measure 1.1.6) were impacted as brigades were not performing these duties. Extra effort went into these activities in quarter three and four to achieve the targets with Firewise coming within 2% of target and Home Fire Safety visits within 4% of target.

The administrative part of the industrial action did not impact our operational response as brigades still attended all incidents. However, it meant that incident response data was not recorded. We received data that we attended an incident, but no detail as to what the incident entailed. We could not replace or replicate this information, which means performance data for some activities is limited. This impacted the data available for measures:

- 1.2.1 Reduction in appliance movements to unwanted alarm events
- 2.1.1 Percentage of structure fires arrived at by career crews within 8 minutes
- 2.1.3 Percentage of structure fires arrived at by career crews within 8 minutes
- 3.1.1 Percentage of hazardous substances incidents arrived at by crews with specialist resources within 60 minutes
- 4.1.1 Percentage of motor vehicle accidents arrived at by crews with specialist resources within 30 minutes
- 5.1.1 Percentage of career crews who respond to medical emergencies within 8 minutes.

Presentation of results for 2022/23

In this statement of performance, we have identified measures that were affected by industrial action. Where industrial action affected the measure, we have provided a result for the full year and for the period from 1 January 2023 to 30 June 2023.

Due to non-reporting, incident numbers recorded did not reflect the incident numbers attended. This skewed the response time data percentages, so to reflect the impact of industrial action on our reportable outputs, we used the data from the last six months of the year to inform our performance measure results as well as full year results.

We published an amended 2022/23 SPE on 2 March 2023 to reflect the impact of industrial action on our reportable outputs and changed the target for the Firewise performance measure (1.1.3) from 60% to 35%.

Output class 1: Fire prevention including promotion of fire safety, compliance and enforcement

Fire prevention is one of the main areas of our commitment to protect Aotearoa.

Our focus is to help build community resilience so that people and communities are equipped with fire safety knowledge, are aware of their risks and know what action to take.

Connection to our strategic direction

The outputs we delivered in this output class align with our commitment to:

- strengthening our regulatory compliance
- managing our critical health and safety risks
- strengthening our relationships.

We strengthened our ability to reduce fire risk in Aotearoa, improved fire safety in Aotearoa and worked to improve the safety, health and wellbeing of all our people (see pages 18–25). We did this by:

- supporting delivery of an effective regulatory compliance system
- improving our risk reduction activities
- launching Ahikura
- using our marketing campaigns to promote behaviour change
- offering free Home Fire Safety Visits (HFSVs).

Selection of measures

We use a range of service quality measures in output 1.1 to measure our performance in promoting fire safety. Measures assess our delivery of programmes to targeted groups, the response of targeted groups to the programmes and the advice we deliver.

We use a timeliness measure for processing fire permits because this is an important factor in fires that are set being compliant with fire safety standards.

Output 1.1: Promote fire safety

Every year we promote fire safety by delivering campaigns, educational programmes and advice – nationally and locally. We aim to change people’s behaviour by telling them about fire risks and how to reduce those risks.

Measure	2022/23 Target	2022/23 Actual	1/1/23 to 30/06/23 ¹⁷ Actual	Met	2021/22 Actual
1.1.1 Rate of recidivism among Fire Awareness and Intervention Programme participants	Below 10%	5.9%	-	✓	2.6%
1.1.2 Percentage of schools with Year 1 and 2 students offered the Get Firewise Programme	100% by 30 June 2023	96%	-	✗	58% (2020/21: 94%) ¹⁸
Progress was impacted in Quarter 3 by school closures due to significant weather events in the North Island. In quarter 4, our Community Readiness and Recovery (CRR) teams and District staff focused on engaging schools, which lifted the year-end result to within 4% of the annual target. This means that we were able to offer this programme to the 2007 schools in Aotearoa.					
1.1.3 Percentage of schools with Year 1 and 2 students who complete the Get Firewise Programme	35% by 30 June 2023 ¹⁹	33%	-	✗	21% (2020/21: 41%) ²⁰
CRR and crews across regions have been engaging and upskilling on new material, which has meant an increase in delivery in Quarter 4. While the target was not achieved, CRR teams and local staff have made a particular effort to bring schools on board through Quarters 3 and 4 in what has been a well-publicised and difficult period in the education sector in terms of curriculum delivery.					
1.1.4 Percentage of survey respondents with an escape plan	62%	62%	-	✓	60%
1.1.5 Percentage of survey respondents with at least one installed and working smoke alarm	88%	92%	-	✓	87%
1.1.6 Percentage of HFSVs delivered in 'medium- and high-risk communities' ²¹	40%	36%	-	✗	38%
We've established a working group to investigate options for future reporting that will more accurately reflect our work with medium- and high-risk communities. We also continue to work with District leadership teams to re-engage frontline staff to deliver HFSVs, following the industrial action earlier in the financial year.					
1.1.7 Maintain an organisational relationship satisfaction rate with stakeholders	60%	69%	-	✓	74%

¹⁷ We have included results for the period from 1 January 2023 to 30 June 2023 for all measures that were affected by industrial action. Where the measure was unaffected by industrial action, we have included a hyphen '-'.
¹⁸ This measure operates on a two-year performance cycle, and we are at the end of this cycle. We have included the 2020/21 result to provide a more accurate comparison.
¹⁹ Target revised from 60 percent to 35 percent by 30 June 2023 due to industrial action.
²⁰ This measure operates on a two-year performance cycle and is at the end of the two-year cycle. We have included the 2020/21 result to provide a more accurate comparison.
²¹ Medium- and high-risk as designated on Smart Risk – an application that identifies 'at-risk' groups and allows them to be shown on an interactive map

Output 1.2: Provide fire prevention services

We provide fire engineering and technical fire safety advice on building design to government, industries, and councils. This includes:

- processing building consent applications covering the fire engineering design on buildings
- approving and monitoring fire evacuation schemes
- advising other regulatory agencies about fire safety compliance.

Measure	2022/23 Target	2022/23 Actual	1/1/23 to 30/06/23 ²² Actual	Met	2021/22 Actual
1.2.1 Reduction in appliance movements to unwanted alarm events	10% reduction over next 3 years 2022–2025	20% increase	45% increase	⊗	25% increase
Multiple adverse weather events caused a spike in false alarm numbers. This measure was not included in the 2023/24 SPE because the initiatives proposed to support the measure have been delayed while we undertake further engagement with our stakeholders.					

Output 1.3: Assist in setting fire safety standards, and granting certificates or approvals

Our role as a regulator includes setting standards where we have a number of responsibilities. These include, but are not limited to:

- preparing and issuing local area fire plans
- prohibiting fire in the open air
- granting fire permits
- declaring prohibited or restricted fire seasons.

Measure	2022/23 Target	2022/23 Actual	1/1/23 to 30/06/23 ²³ Actual	Met	2021/22 Actual
1.3.1 Percentage of fire permits processed within required time frames ²⁴	95%	94%	-	⊗	97%
Performance was impacted as a result of a shortage of trained, experienced people to process the permits. In Quarter 4, improved performance achieved the quarterly target, but this was not enough to meet the year-end target.					

Output 1.4: Ensure compliance with standards through monitoring and enforcement

We have a compliance and enforcement role in standard-setting, with corresponding offence provisions in cases of non-compliance. Examples of non-compliance include:

- lighting a fire in the open air when prohibited or restricted
- failing to provide a fire permit
- failing to provide or maintain an evacuation scheme for a relevant building.

This year we:

- designed and implemented a new reporting process for non-compliant activity
- introduced daily reporting on all incidents classified as unlawful in our regulatory system
- developed and tested a digital tool to identify relevant buildings under the Act, which we will roll out in the coming year.

While there is no current measure for this output, we are working through how best to measure effectiveness using these new systems.

²² We have included results for the period from 1 January 2023 to 30 June 2023 for all measures that were affected by industrial action. Where the measure was unaffected by industrial action, we have included a hyphen '-'.
²³ We have included results for the period from 1 January 2023 to 30 June 2023 for all measures that were affected by industrial action. Where the measure was unaffected by industrial action, we have included a hyphen '-'.
²⁴ Fewer than five working days for emailed permits – no site visit required. Fewer than 10 working days for emailed permits – site inspection required. Fewer than 15 working days for posted permits application or where manual application form is used.

Output class 2: Fire response and suppression

How we respond to fires influences:

- how well we minimise social, economic and environmental impacts from emergencies
- how affected communities recover from fires
- how much they value and trust our services.

Our focus is to deliver timely and effective fire response and suppression services that follow good practice, have a conscientious operational footprint, and where appropriate, work well with partners and stakeholders.

Connection to our strategic direction

The outputs we delivered in this output class align with our commitment to:

- responding to fire and emergencies
- strengthening our relationships with communities, sector and international partners.

We responded to major events and supported our international partners when they needed us (see pages 12–17). We did this by:

- answering 97,870 calls
- responding to 88,531 incidents, including severe weather events across the country and the fire at Loafers Lodge involving 29 crews and over 80 firefighters
- deploying teams to flooding in Australia, wildfires in Canada, and earthquakes in Türkiye and Syria.

Selection of measures

We selected response time measures for this output class because the time taken to dispatch and for crews to arrive at incidents has a significant influence on our ability to minimise social, economic and environmental impacts from emergencies.

The wildfire simulation exercise measure is important to our ability to effectively respond to and suppress wildfire.

Output 2.1: Response to fire

Our national service delivery guidelines show our communities our expected response capability. These guidelines provide targets to ensure we deploy resources efficiently, so we can intervene in these types of incidents as soon as practicable.

Measure	2022/23 Target	2022/23 Actual	1/1/23 to 30/06/23 ²⁵ Actual	Met	2021/22 Actual
2.1.1 Percentage of structure ²⁶ fires arrived at by career crews within 8 minutes Analysis of our performance for this measure shows that results vary across different regions of Aotearoa and there are many factors influencing performance. These include urban sprawl, longer drive times and traffic calming measures. The full-year result is higher than the half-year result because the result from: <ul style="list-style-type: none"> • 1/07/22 to 30/12/22 was high but represented a small number of incidents recorded due to industrial action • 1/1/23 to 30/06/23 was affected by severe weather events, which increased drive times. 	80%	77%	75%	⊗	79%
2.1.2 Percentage of structure ²⁷ fires arrived at by volunteer crews within 11 minutes This result was impacted by volunteers taking longer to arrive at the station. Anecdotally, the reasons for this include slower traffic and roadworks. Inability of closest stations to respond also caused delays.	85%	80%	-	⊗	81%
2.1.3 Percentage of vegetation fires arrived at within 30 minutes (anywhere in New Zealand)	90%	94%	95%	⊙	94%
2.1.4 All regions to complete a wildfire simulation exercise One Region was planning to complete their simulation exercise in Quarter 4, but couldn't because key staff were deployed to the Canada wildfires at short notice. The simulation exercise was completed on 16–17 August 2023.	By 30 June 2023	4/5 regions completed	-	⊗	2/5 regions completed
2.1.5 Percentage of Communications Centre events ²⁸ dispatched for all incidents in rural environments within 2 minutes of receiving the 111 call	85%	87%	-	⊙	90%
2.1.6 Percentage of Communications Centre events ²⁹ dispatched for all incidents in urban environments, within 90 seconds of receiving the 111 call	85%	87%	-	⊙	89%

²⁵ We have included results for the period from 1 January 2023 to 30 June 2023 for all measures that were affected by industrial action. Where the measure was unaffected by industrial action, we have included a hyphen '-'.
²⁶ Structure fires within urban environments.
²⁷ Structure fires within urban environments.
²⁸ 111 fire calls are passed on to one of our three Communications Centres, who provide the essential link between the community and our operational units to respond to the incident.
²⁹ 111 fire calls are passed on to one of our three Communications Centres, who provide the essential link between the community and our operational units to respond to the incident.

Output class 3: Render safe hazardous substances and provide for safety at incidents

The system for managing hazardous substances involves multiple entities. It is therefore important that we are good at what we are responsible for, so that those we serve and work alongside value and trust our services.

Our focus is on our relationships with our hazardous substances stakeholders and partners to improve collaboration and our response expertise. How we respond to hazardous substances events also affects how well we minimise the social, economic and environmental impacts of emergencies, and how affected communities recover from these events.

Connection to our strategic direction

The outputs we delivered in this output class align with our commitment to:

- manage our critical health and safety risks
- lift our people's safety, health and wellbeing.

We worked to improve the safety, health and wellbeing of all our people and progressed key projects to help keep our frontline people safe (see page 25). We did this by improving gas detection capabilities and reducing exposure to carcinogens.

Selection of measures

We use a response time measure for responding to hazardous substances incidents because the time taken for specialist resources to arrive at incidents has a significant influence on our ability to manage hazardous substances.

We measure our performance in promoting the safe use of hazardous substances by reporting the type of activities undertaken during the year.

Output 3.1: Response to hazardous substances incidents

Responding to hazardous substances incidents is a main response function to stabilise the environment and render it safe, and to protect people and property endangered by these types of incidents.

Measure	2022/23 Target	2022/23 Actual	1/1/23 to 30/06/23 ³⁰ Actual	Met	2021/22 Actual
3.1.1 Percentage of hazardous substances incidents arrived at by crews with specialist resources ³¹ within 60 minutes	85%	95%	96%		94%

Output 3.2: Assist in promoting the safe use of hazardous substances

We help promote the safe use of hazardous substances in terms of handling, labelling, signage, storage, and transportation.

Activities undertaken this year included:

- collaborating with Mahi Haumarū Aotearoa WorkSafe and Te Mana Rauhi Taio Environmental Protection Authority (EPA) to develop guidance for the public on using hazardous substances safely
- participating in interagency groups
- promoting good practice in emergency response planning.

³⁰ We have included results for the period from 1 January 2023 to 30 June 2023 for all measures that were affected by industrial action. Where the measure was unaffected by industrial action, we have included a hyphen '-':

³¹ Specialist resources means attendance by Fire and Emergency personnel with specialist skills or hazmat command vehicles. These are specialised units designed for use at hazardous material incidents and other serious incidents that require an on-site command unit. Each carries a comprehensive range of specialised equipment and resources for this purpose.

Output class 4: Rescue as a result of transport accidents and urban search and rescue

Responding to transport accidents and USAR events involves working with our emergency sector partners. We need to do so collaboratively to maintain and improve our relationships to ensure our services are valued and trusted. How we respond to transport accidents and USAR events also influences how well we minimise social, economic and environmental impacts from emergencies and how affected communities and individuals recover from events.

Connection to our strategic direction

The outputs we delivered in this output class align with our commitment to:

- responding to emergencies
- strengthening our relationships with our emergency sector partners.

We worked to strengthen our relationships (see pages 12–17). This included contributing to the Australian Fire and Emergency sector by attending AFAC22 and welcoming the AFAC Board to Aotearoa.

Selection of measures

We use a response time measure for responding to transport accidents because the time taken for specialist resources to arrive at incidents has a significant influence on our ability to minimise the social, economic and environmental impact of these incidents.

Maintaining our USAR international classification is a measure of our ongoing capability to respond effectively to weather-related events, natural disasters and major vegetation fires.

Output 4.1: Response to transport accidents

Responding to transport (motor vehicle) accidents is a main response function to rescue persons trapped as a result of this type of incident. We also assist our emergency service partners at the crash scene by providing cordoning and traffic control.

Measure	2022/23 Target	2022/23 Actual	1/1/23 to 30/06/23 ³² Actual	Met	2021/22 Actual
4.1.1 Percentage of motor vehicle accidents arrived at by crews with specialist resources within 30 minutes	90%	97%	97%		97%

Output 4.2: Provide urban search and rescue services

Unplanned events are happening more often and becoming more severe. Responding to weather-related events, natural hazard events and disasters, and major vegetation fires is one of our main response functions. This means we deploy skilled and specialist urban search and rescue (USAR) teams both nationally and internationally. We maintain this capability through specialised training and equipment caches so we can respond quickly to these types of incidents.

Measure	2022/23 Target	2022/23 Actual	1/1/23 to 30/06/23 ³³ Actual	Met	2021/22 Actual
4.2.1 Maintain USAR international classification	Rescheduled to May 2024 ³⁴	Not assessed	Not assessed		Not achieved
Industrial action impacted our ability to complete the USAR annual exercise during 2022/23. Our international classification has been extended until the exercise can be completed, as scheduled, in May 2024.					

³² We have included results for the period from 1 January 2023 to 30 June 2023 for all measures that were affected by industrial action. Where the measure was unaffected by industrial action, we have included a hyphen '-':

³³ We have included results for the period from 1 January 2023 to 30 June 2023 for all measures that were affected by industrial action. Where the measure was unaffected by industrial action, we have included a hyphen '-':

³⁴ Revised from 'By 30 June 2023' to 'Rescheduled to May 2024' due to the NZPFU industrial action.

Output class 5: Responding to other emergencies, including medical, maritime, other rescues and natural hazard events

How we respond to other emergencies also influences how well we minimise social, economic and environmental impacts from emergencies, and how affected communities and individuals recover from events. Our focus is on delivering timely response services that follow good practice and contributing to discussions and forums with stakeholders and partners.

Connection to our strategic direction

The outputs we delivered in this output class align with our commitment to:

- respond to emergencies
- strengthen our relationships
- build our understanding of the needs of our partners and communities.

We worked to respond to major incidents, supported our international partners when they needed us, and responded and adapted to climate change (see pages 12–17 and 39–41). We did this by:

- responding to severe weather events across the country and Australia
- saving millions of litres of water a year by using the Pump Training Module.

Selection of measures

We use response time measures for responding to medical emergencies because the time taken for specialist resources to arrive at incidents has a significant influence on our ability to minimise the social, economic and environmental impact of these incidents.

Outputs 5.1 and 5.2 – Assist in responding to non-medical-related emergencies and non-transport-related emergencies are not performance-related, therefore we report on the number of incidents we respond.

Output 5.1: Assist in responding to medical emergencies

Responding to medical emergencies is an additional response function. It is based on 'first- and co-response' levels of expertise to assist our emergency service partners Hato Hone St John and Wellington Free Ambulance. This partnership can help to save lives, particularly as our crews are sometimes the first at the scene of an incident, e.g. an out-of-hospital cardiac arrest. This means they can start cardiopulmonary resuscitation and defibrillation as soon as possible. Our national service delivery guidelines provide targets to ensure we deploy resources efficiently to respond to these types of incidents as quickly as possible.

Measure	2022/23 Target	2022/23 Actual	1/1/23 to 30/06/23 ³⁵ Actual	Met	2021/22 Actual
5.1.1 Percentage of career crews who respond to medical emergencies ³⁶ within 8 minutes This result was impacted by an increase in the number of adverse weather events, which caused delays in arriving at incidents because of road closures and diversions. The result was also impacted by traffic calming measures and urban sprawl.	85%	83%	82%	⊗	82%
5.1.2 Percentage of volunteer crews who respond to medical emergencies within 11 minutes This result was impacted by an increase in the number of adverse weather events, which caused delays in arriving at incidents because of road closures and diversions, and volunteers taking longer to arrive at the station due to slower traffic and roadworks. Inability of closest stations to respond also cause delays – for example, if the closest station is already called out elsewhere.	80%	74%	-	⊗	75%

Output 5.2: Assist in responding to other (non-medical-related) emergencies

We assist in responding to other emergencies including maritime incidents, severe weather events, natural hazard events and disasters, other non-hazardous-substance-related incidents, and any other situation if we are able to help. We collected response data for this output subclass for information only. While these are not performance-based outputs, we report selected data sets to compare response volumes against other types of incidents we responded to over a period of time.

This year, we responded to over 9,302 other³⁷ (non-medical-related) emergencies (10.9 percent of all responses) compared to 10,179³⁸ in the previous year.

Output 5.3: Assist in responding to non-transport-related rescue incidents

Performing rescues is an additional response function and includes line and animal rescues, rescues from collapsed buildings, confined spaces, unrespirable and explosive atmospheres, and swift water. This measure covers rescue events other than transport-related accidents. We collected response data for this output subclass for information only. While these are not performance-based outputs, we report selected data sets to compare response volumes against other types of incidents we responded to.

This year, we responded to 363 non-transport-related rescue incidents (0.4 percent of all responses) compared to 342 in the previous year.

³⁵ We have included results for the period from 1 January 2023 to 30 June 2023 for all measures that were affected by industrial action. Where the measure was unaffected by industrial action, we have included a hyphen '-'.
³⁶ Medical emergencies within urban environments.

³⁷ Other incidents include heat/pressure, special service calls, and assisting the public.

³⁸ During the industrial action in late 2022 there was an increase in 'not-recorded' data. We have removed 'not-recorded' data from the 'other emergencies' category and put it into its own category because it is generally too low to warrant its own category.

SPE milestone measures – organisational health and capability

In addition to our reportable outputs, we have other measures of our organisational health and capability linked to key work programmes and associated milestones.

Measure	2022/23 Target	2022/23 Actual	Met	2021/22 Actual
Relationship agreements with sector partners aligned to the objectives of the relationship framework	3	1	⊗	n/a
While we have made significant progress, operational details and negotiations between the parties to finalise the agreements have taken longer than anticipated. We will finalise agreements in mid-2023/24.				
Increase in our people's knowledge of Hiwa-i-te-Rangi ³⁹	45%	45%	☑	n/a
Review our Strategic Asset Management Plan and complete an integrated asset management development action plan	By 30 June 2023	Achieved	☑	n/a
Work programme was agreed but paused to enable us to complete further prioritisation work.				
CRRF projects completed or in the process of handover	3	3	☑	19/21
In July 2020, Fire and Emergency received \$51.3 million in funding for fire station rebuilds and upgrades from the CRRF. CRRF was an opportunity to accelerate our work under our national property capital works programme, which is focused on ensuring our facilities are fit for purpose. This work ranges from the total replacement of several stations that have reached the end of their life or have significant seismic issues through to partial refurbishments and improvements to obsolete facilities. The CRRF funding has allowed us to deliver new and improved facilities in a range of locations earlier than we had anticipated. We completed the final project, Kaikōura, in the third quarter of 2022/23.				

³⁹ Hiwa-i-te-Rangi is our Māori Outcomes programme, which helps us improve our services by building a better understanding of Māori culture. We launched the programme in July 2021.

Report against selected non-departmental appropriations in Vote: Internal Affairs

Fire and Emergency New Zealand – Public Good Services (M41) (A6)

Scope – This appropriation is limited to the Crown contribution towards the public good component of services provided by Fire and Emergency.

Intention – This appropriation is intended to achieve recognition of the Government's contribution towards public good services that are unrelated to property or motor vehicle insurance

Measure	2022/23 Budget Standard	2022/23 Actual	Met	2021/22 Actual
Crown contributions are spent on public good services that are unrelated to property or motor vehicle insurance	Achieved	Achieved	☑	Achieved

Fire and Emergency New Zealand – Loans (M41) (A6)

Scope – This appropriation is limited to loans to provide financial support to Fire and Emergency.

Intention – This appropriation is intended to provide financial support to Fire and Emergency.

Measure	2022/23 Budget Standard	2022/23 Actual	Met	2021/22 Actual
Repayment as per the agreed schedule in the Crown loan agreement between Fire and Emergency New Zealand and the Minister of Finance	Achieved	Achieved	☑	New appropriation in 2022/23

Output class reporting

Output class reporting for the year ended 30 June 2023 details the revenue and expenditure allocated to each of our reportable outputs compared with budget in the amended 2022/23 SPE.

The 2022/23 SPE amendments were to reflect the impact of the settlement of the Professional Firefighters Collective Employment Agreement on 6 December 2022, increasing total budgeted expenditure by \$55.41 million.

This resulted in increased budgeted expenditure to output classes with high proportions of operational staff readiness costs, being output classes:

- 2.0 Fire response and suppression
- 4.0 Rescue as a result of transport accidents and urban search and rescue
- 5.0 Responding to other emergencies including medical, maritime, other rescues and natural hazard events.

As Levy revenue is allocated by proportion of expenditure, all output class budgets had a reduction in net surplus or increase in net deficit.

The expense and revenue allocation policies are as follows:

Expense allocation

Fire and Emergency allocates expenses to outputs as follows:

- Direct expenditure is calculated by allocating direct costs to specific outputs, as well as via resource allocations based on the time spent at incidents.
- Readiness costs of operational staff are allocated to all incident response and rescue outputs (output classes 2–5) based on the proportion of direct expenditure.
- Indirect costs are allocated to outputs based on the proportion of direct expenditure.

Revenue allocation

The allocations of revenue to outputs are as follows:

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

Output summary

Total outputs	2023 Actual \$000	2023 Amended Budget \$000
Levy	673,261	641,929
Other revenue	36,815	19,312
Total revenue	710,076	661,241
Total expenditure	737,299	713,003
Net Surplus / (Deficit)	(27,223)	(51,762)

1.0 Fire prevention including promotion of fire safety, compliance and enforcement	2023 Actual \$000	2023 Amended Budget \$000
1.1 Promote fire safety		
Levy	27,104	25,160
Other revenue	2,215	594
Total revenue	29,319	25,754
Total expenditure	29,682	27,946
Net surplus/(deficit)	(363)	(2,192)
1.2 Provide fire prevention services		
Levy	2,603	2,731
Other revenue	213	65
Total revenue	2,816	2,796
Total expenditure	2,851	3,034
Net surplus/(deficit)	(35)	(238)
1.3 Assist in setting fire safety standards and granting certificates or approvals		
Levy	37,060	33,431
Other revenue	3,813	1,579
Total revenue	40,873	35,010
Total expenditure	40,585	37,133
Net surplus/(deficit)	288	(2,123)
1.4 Ensure compliance with standards through monitoring and enforcement		
Levy	4,084	3,682
Other revenue	334	87
Total revenue	4,418	3,769
Total expenditure	4,473	4,089
Net surplus/(deficit)	(55)	(320)
Total Output Class 1.0 Fire prevention including promotion of fire safety, compliance and enforcement		
Levy	70,851	65,004
Other revenue	6,575	2,325
Total revenue	77,426	67,329
Total expenditure	77,591	72,202
Net surplus/(deficit)	(165)	(4,873)

2.0 Fire response and suppression	2023 Actual \$000	2023 Amended Budget \$000
2.1 Response to fire		
Levy	384,981	403,282
Other revenue	12,805	4,913
Total revenue	397,786	408,195
Total expenditure	421,596	447,930
Net surplus/(deficit)	(23,810)	(39,735)

3.0 Render safe hazardous substances and provide for safety at incidents	2023 Actual \$000	2023 Amended Budget \$000
3.1 Response to hazardous substances incidents		
Levy	6,832	9,068
Other revenue	257	102
Total revenue	7,089	9,170
Total expenditure	7,482	10,072
Net surplus/(deficit)	(393)	(902)

3.2 Assist in promoting the safe use of hazardous substances	2023 Actual \$000	2023 Amended Budget \$000
Levy	332	321
Other revenue	27	8
Total revenue	359	329
Total expenditure	364	357
Net surplus/(deficit)	(5)	(28)

Total Output Class 3.0 Render safe hazardous substances and provide for safety at incidents	2023 Actual \$000	2023 Amended Budget \$000
Levy	7,164	9,389
Other revenue	284	110
Total revenue	7,448	9,499
Total expenditure	7,846	10,429
Net surplus/(deficit)	(398)	(930)

4.0 Rescue as a result of transport accidents and urban search and rescue	2023 Actual \$000	2023 Amended Budget \$000
4.1 Response to transport accidents		
Levy	95,037	76,534
Other revenue	2,860	746
Total revenue	97,897	77,280
Total expenditure	104,077	85,009
Net surplus/(deficit)	(6,180)	(7,729)

4.2 Provide urban search and rescue (USAR) services	2023 Actual \$000	2023 Amended Budget \$000
Levy	16,034	9,959
Other revenue	1,073	383
Total revenue	17,107	10,342
Total expenditure	17,559	11,062
Net surplus/(deficit)	(452)	(720)

Total Output Class 4.0 Rescue as a result of transport accidents and urban search and rescue	2023 Actual \$000	2023 Amended Budget \$000
Levy	111,071	86,493
Other revenue	3,933	1,129
Total revenue	115,004	87,622
Total expenditure	121,636	96,071
Net surplus/(deficit)	(6,632)	(8,449)

5.0 Responding to other emergencies including medical, maritime, other rescues and natural hazard events	2023 Actual \$000	2023 Amended Budget \$000
5.1 Assist in responding to medical emergencies		
Levy	46,388	38,222
Other revenue	6,165	4,902
Total revenue	52,553	43,124
Total expenditure	50,801	42,454
Net surplus/(deficit)	1,752	670
5.2 Assist in responding to other (non-medical-related) emergencies		
Levy	52,015	38,655
Other revenue	6,921	5,413
Total revenue	58,936	44,068
Total expenditure	56,963	42,935
Net surplus/(deficit)	1,973	1,133
5.3 Assist in responding to non-transport-related rescue incidents		
Levy	791	884
Other revenue	132	520
Total revenue	923	1,404
Total expenditure	866	982
Net surplus/(deficit)	57	422
Total Output Class 5.0 Responding to other emergencies including medical, maritime, other rescues and natural hazard events		
Levy	99,194	77,761
Other revenue	13,218	10,835
Total revenue	112,412	88,596
Total expenditure	108,630	86,371
Net surplus/(deficit)	3,782	2,225



Te arotakenga pūtea

Our financials

Financial commentary

Fire and Emergency's performance is assessed against the budgets, targets and service standards set out in our Statement of Performance Expectations (SPE) – Te Tauākī o ngā Taumata Mahi me Tutuki. In March 2023, we amended the 2022/23 SPE to reflect the impacts of industrial action by the NZPFU over the first half of the 2022/23 year and settlement of the Professional Firefighters Collective Employment Agreement (CEA) on 6 December 2022⁴⁰. No other assumptions for the 2022/23 year were changed. The settlement increased operating costs by \$55.4 million in 2022/23 and resulted in a forecast operating deficit. These changes are reflected in the 2022/23 amended budget figures in our financial statements.

Other significant events during the year that affected our financial performance included increased costs to respond to adverse weather events in Tāmaki Makaurau and Tairāwhiti, and delays to our capital investment programme due to ongoing supply chain disruptions caused by COVID-19.

Capital investment and cash reserves

Fire and Emergency holds significant cash balances, and is conservative in forecasting the levy income we need to maintain those balances. There are good reasons for this.

Infrastructure

We manage over \$1.7 billion of assets that are essential to the delivery of fire and emergency services across Aotearoa. Maintaining and replacing these assets is a key priority for us, so our personnel can respond safely and effectively for our communities.

In 2017/18, we created a Capital Infrastructure Investment Reserve of \$53.75 million to accelerate the capital programme over the following three years. As at 2022/23 year end we have spent \$51.22 million from this reserve, COVID-19 having delayed our programme beyond 2020/21. Fortunately, ring-fencing this reserve has enabled us to track the balance of funds required to complete those capital programmes deferred while we focused on rebuilding after the Christchurch earthquake, and to manage a gap in the supply of Type 3 fire engines.

We also have a Seismic Resilience Reserve, created in 2013 specifically to fund upgrades of fire stations and other buildings below the seismic loading standard required in the Building Act 2004⁴¹. This fund now stands at \$33.3 million. We have developed a clearer understanding of these seismic risks and will need to increase this reserve to meet strengthening and rebuilding requirements.

In 2020, we received a capital injection (an investment by the Government that we do not have to repay) of \$51.3 million from the COVID-19 Response and Recovery Fund (CRRF). This enabled us to rebuild and upgrade 26 fire stations and, as of July 2023, all 26 stations have been completed and are fully operational. We estimate that we still have another \$2.5+ billion to invest in infrastructure and assets over the next 20 years, so building reserves for our capital programme will continue to be a focus for some time to come.

⁴⁰ budgets in this Financial Commentary section refers to the budget included in the amended 2022/23 SPE

⁴¹ See Note 13 for more about these reserves.

Liquidity

To meet the additional costs of the Professional Firefighters CEA without a reduction in other spending that could impact service delivery, the Government has agreed to a repayable loan of \$75.40 million, drawn down across three years from 2022/23 and repayable over the next 10 years. From 2024/25, levy increases will return Fire and Emergency to operating surpluses.

With limited ability to borrow, Fire and Emergency needs to hold a minimum of \$50 million cash reserves to provide funding for working capital (money in the bank to fund day-to-day operations); a liquidity buffer (to allow for delayed levy payments and/or unexpected additional expenses); and extra costs incurred through a significant adverse event (for example, earthquake, major wildfire, widespread flooding).

In addition, in 2026/27 Fire and Emergency will experience a one-month delay in receiving levy income. This will happen when new levy provisions are implemented under Part 3 of the Fire and Emergency New Zealand Act 2017, enabling levy payments to be paid one month later than is currently the case under the transitional levy. This creates a cash flow issue for the month where levy revenue is not received, so an increased cash reserve is needed to cover costs during this month. We have forecast that an additional \$69 million of cash is needed to cover the transition to the Part 3 levy.

Increase in Levy Rates (post balance-date event)

Settlement of the Professional Firefighters Collective Employment Agreement on 6 December 2022 increased operating costs, including firefighter earnings and back pay reported in note 3 to the financial statements, and has resulted in forecast operating deficits in 2022/23 and 2023/24. Earlier this year, Fire and Emergency sought an increase in levy rates to ensure that we remain financially sustainable into the future.

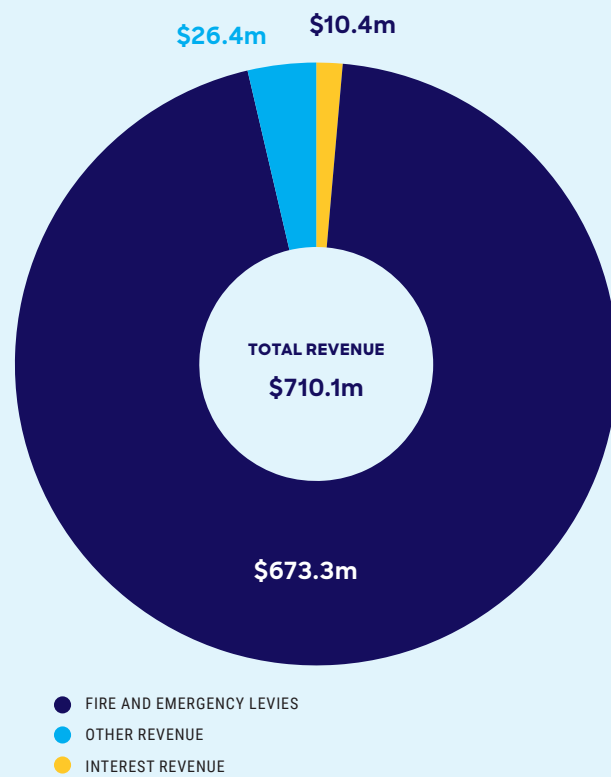
On 31 July 2023, Cabinet approved a 12.8% increase in Transitional Levy rates, following public consultation. The increase is effective from 1 July 2024 and is forecast to return Fire and Emergency to operating surpluses in 2024/25.

Summary of financial results

Despite the difficult operating environment during the year, Fire and Emergency continued to deliver for New Zealand's communities and we were able to fund continued investment in strategic priorities such as refurbishment and renewal of stations, as well as replacement of a critical human resources information system.

Our financial results were positive, with revenue above budget, a \$27.2 million operating deficit significantly less than the budget deficit of \$51.8 million, and an increase in net equity which, at \$1.45 billion, was \$82.1 million (6%) above budget.

	2022/23 Actual \$millions	2022/23 Amended Budget \$millions	Variance \$millions
Revenue	710.1	661.2	48.9
Expenses	737.3	713.0	(24.3)
Net Surplus/(Deficit)	(27.2)	(51.8)	24.6
Assets	1,710.7	1,563.8	146.9
Liabilities	260.6	195.8	64.8
Equity	1,450.1	1,368.0	82.1

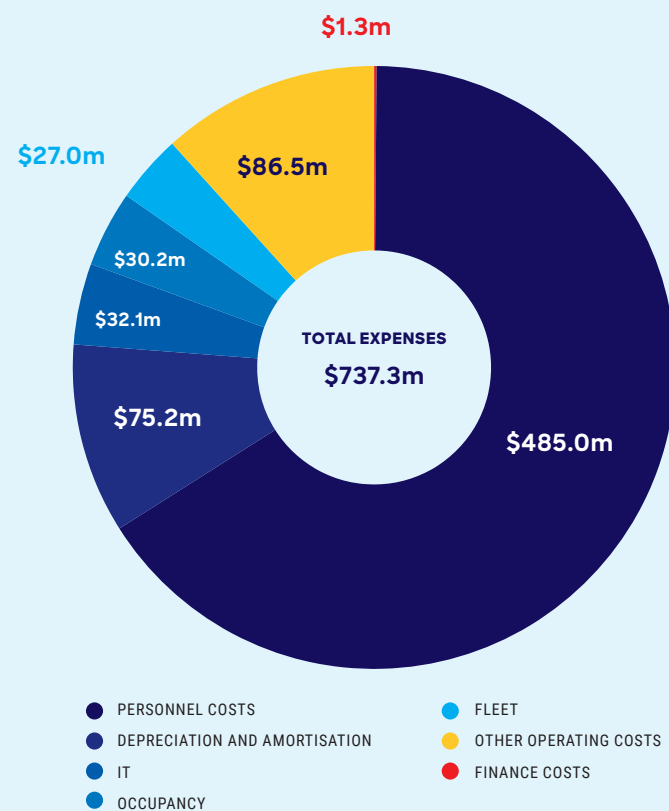


Revenue

Revenue at \$710.1 million was \$48.9 million (7%) higher than budget, due to an increase in levies received from commercial property and construction insurance, cost recoveries from fires originating on public land, cost recoveries from international deployments, and increased interest income.

The majority of revenue is received from levies on property, construction and motor vehicle insurance. Levy revenue was \$673.3 million for the year, which was \$31.3 million (5%) higher than budget. This was largely due to increased levy receipts from commercial property and construction insurance.

Revenue other than levy was \$36.8 million for the year. This was \$17.5 million (91%) higher than budget due to a one-off contribution from Te Whatu Ora in lieu of levy, cost recoveries for several fires originating on public land and international wildfire deployments to New South Wales and Alberta, and higher interest income from higher than planned cash balances attracting increasing interest rates.



Expenses

Expenses at \$737.3 million were \$24.3 million (3%) higher than budget.

The majority of operating expenses are personnel related, which include salaries and wages, superannuation, ACC levies, and employee and volunteer benefits. Personnel costs were \$485.0 million for the year, which was \$23.4 million higher than budget (5%), due largely to additional salary costs to cover firefighters absent or isolating due to COVID-19, precautions to manage COVID-19 symptoms, an increase in the value of employee benefits payable to firefighters (including back-pay to 1 July 2022 under the CEA), and international deployment costs not yet recovered.

Depreciation and amortisation expense was \$75.2 million, which was \$4.82 million lower than budget (6%) due to deferred capital expenditure as a result of logistics and supply issues caused by the general economic environment.

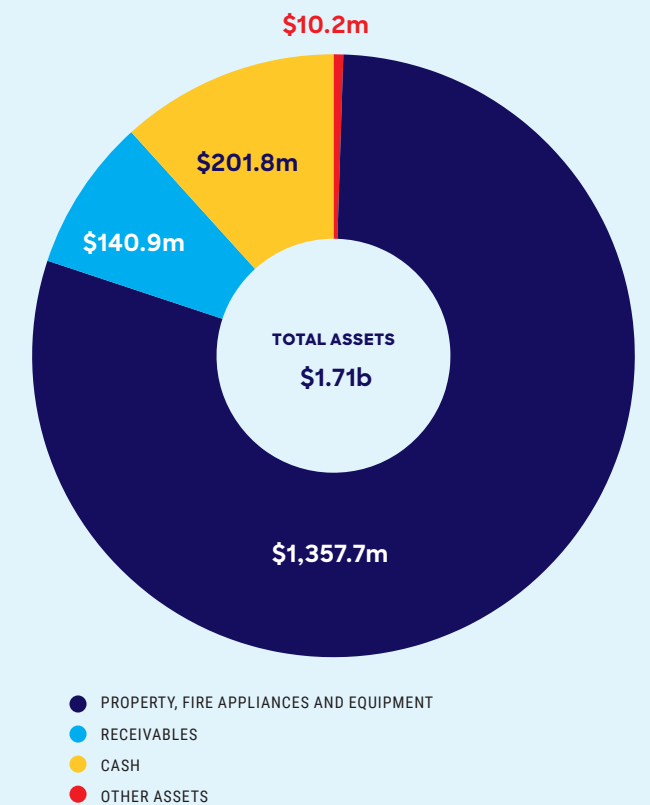
Assets

Assets were \$1.71 billion, of which \$1.36 billion is land, buildings, fire appliances and equipment, \$201.8 million is cash, and \$151.1 million is receivables and other assets. The increase above budget is due largely to the increased value of land and buildings which is revalued each year, and increased cash held in reserve to fund future operating costs, seismic upgrades, replacement of capital assets and expected delays.

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

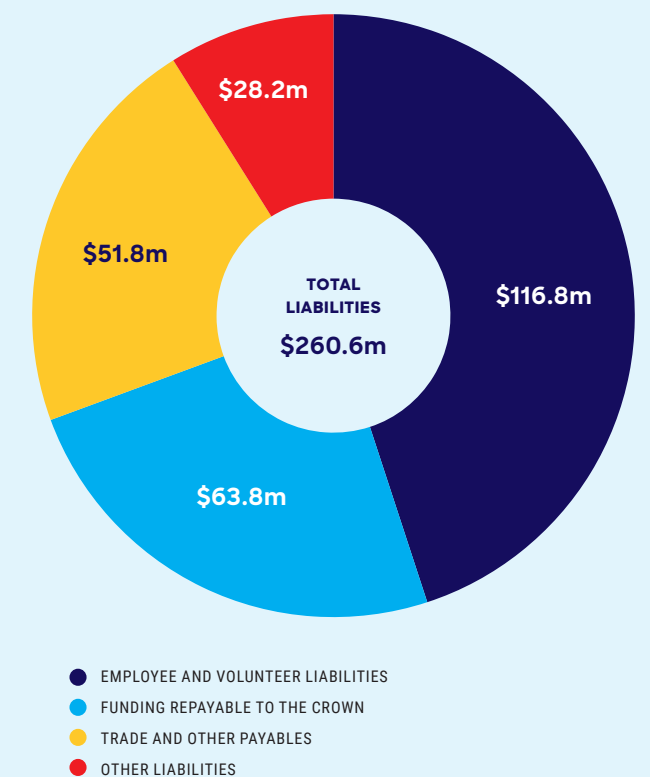
Cash and cash equivalents were \$201.8 million at year end, being \$59.8 million higher than budget (42%). This is due to increased cash receipts from revenue and deferred capital expenditure.

Receivables, the third largest asset category, was \$140.90 million at year end. Over 95% of this is levies due.



Liabilities

Fire and Emergency continues to maintain a low level of liabilities. Liabilities totalled \$260.6 million at year end and included employee and volunteer leave and entitlements of \$116.8 million and loans repayable to the Crown of \$63.8 million. The increase above budget is due largely to increased employee and volunteer benefits, and increased creditors.



Statement of financial performance

For the year ended 30 June 2023

	Note	2023 Actual \$000	2023 Original Budget \$000	2023 Amended Budget \$000	2022 Actual \$000
Revenue					
Levy		673,261	641,929	641,929	638,172
Interest revenue		10,396	1,920	1,920	2,534
Other revenue	2	26,419	17,392	17,392	21,989
Total revenue		710,076	661,241	661,241	662,695
Expense					
Employee and volunteer benefits expense	3	485,008	406,916	461,567	397,311
Depreciation and amortisation expense	7, 8	75,220	80,035	80,035	79,094
Finance cost		1,322	1,780	2,542	1,432
Other expense	4	175,749	168,859	168,859	168,913
Total expense		737,299	657,590	713,003	646,750
Net surplus/(deficit)		(27,223)	3,651	(51,762)	15,945

Explanations of major variances against budgets are provided in Note 21 and Note 22. The accompanying notes form part of these financial statements.

Statement of other comprehensive revenue and expense

For the year ended 30 June 2023

	Note	2023 Actual \$000	2023 Original Budget \$000	2023 Amended Budget \$000	2022 Actual \$000
Net surplus/(deficit)		(27,223)	3,651	(51,762)	15,945
Other comprehensive revenue and expense Items that will not be reclassified to surplus/(deficit)					
Gain on revaluation of land and buildings	7	19,564	30,000	30,000	135,112
Total other comprehensive revenue and expense		19,564	30,000	30,000	135,112
Total comprehensive revenue and expense		(7,659)	33,651	(21,762)	151,057

Explanations of major variances against budgets are provided in Note 21 and Note 22. The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2023

	Note	2023 Actual \$000	2023 Original Budget \$000	2023 Amended Budget \$000	2022 Actual \$000
Assets					
Current assets					
Cash and cash equivalents	5	201,810	190,911	141,968	206,039
Trade and other receivables	6	140,900	133,773	133,773	135,480
Prepayments		4,756	2,125	2,125	4,087
Non-current assets held for sale		250	-	-	3,365
Total current assets		347,716	326,809	277,866	348,971
Non-current assets					
Property, plant and equipment	7	1,357,740	1,274,343	1,274,343	1,340,448
Intangible assets	8	5,232	11,594	11,594	7,852
Total non-current assets		1,362,972	1,285,937	1,285,937	1,348,300
Total assets		1,710,688	1,612,746	1,563,803	1,697,271
Liabilities					
Current liabilities					
Trade and other payables	9	51,843	46,590	27,603	49,105
Employee and volunteer benefits	10	71,028	40,217	40,274	52,802
Borrowings	11	16,038	14,239	14,239	15,725
Provisions	12	9,779	3,193	3,193	18,112
Other current liabilities		384	-	-	384
Total current liabilities		149,072	104,239	85,309	136,128
Non-current liabilities					
Employee and volunteer benefits	10	45,730	42,208	42,208	46,448
Borrowings	11	58,736	38,933	64,333	49,373
Provisions	12	6,155	3,973	3,973	6,284
Other non-current liabilities		865	-	-	1,249
Total non-current liabilities		111,486	85,114	110,514	103,354
Total liabilities		260,558	189,353	195,823	239,482
Net assets		1,450,130	1,423,393	1,367,980	1,457,789
Equity					
Accumulated funds	13	737,781	827,268	771,855	754,211
Seismic resilience reserve	13	33,317	14,170	14,170	37,372
Capital infrastructure investment reserve	13	2,531	-	-	6,634
Crown funding injections	13	56,458	53,880	53,880	56,458
Revaluation reserves	13	620,043	528,075	528,075	603,114
Total equity		1,450,130	1,423,393	1,367,980	1,457,789

Explanations of major variances against budgets are provided in Note 21 and Note 22. The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2023

	Note	2023 Actual \$000	2023 Original Budget \$000	2023 Amended Budget \$000	2022 Actual \$000
Equity as at 1 July		1,457,789	1,389,742	1,389,742	1,274,724
Total comprehensive revenue and expense		(7,659)	33,651	(21,762)	151,057
COVID-19 Response and Recovery Fund injection		-	-	-	32,008
Equity as at 30 June	13	1,450,130	1,423,393	1,367,980	1,457,789

Explanations of major variances against budgets are provided in Note 21 and Note 22. The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2023

Note	2023 Actual \$000	2023 Original Budget \$000	2023 Amended Budget \$000	2022 Actual \$000
Cash flows from operating activities				
Receipts from levy	669,332	643,859	643,859	633,959
Receipts from other revenue	25,457	17,162	17,163	19,678
Interest received	10,086	2,070	2,070	2,142
Net GST received/(paid)	615	-	-	1,196
Payments to employees and volunteers	(472,202)	(396,026)	(461,584)	(381,999)
Payments to suppliers for goods and services	(176,435)	(165,605)	(174,391)	(159,475)
Net cash flow from operating activities	56,853	101,460	27,117	115,501
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	4,143	3,150	3,150	3,754
Purchase of property, plant and equipment	(71,262)	(92,565)	(92,565)	(92,964)
Purchase of intangibles	(2,317)	(3,002)	(3,002)	806
Net cash flow from investing activities	(69,436)	(92,417)	(92,417)	(88,404)
Cash flows from financing activities				
Proceeds from Crown Loan	11	25,400	-	25,400
COVID-19 Response and Recovery Fund injection	13	-	-	-
Repayments of repayable Crown funding injection	11	(13,000)	(13,000)	(13,000)
Payments on finance leases	(3,223)	(2,500)	(2,500)	10,340
Interest paid	(823)	(1,139)	(1,139)	(714)
Net cash flow from financing activities	8,354	(16,639)	8,761	28,634
Net increase/(decrease) in cash and cash equivalents	(4,229)	(7,596)	(56,539)	55,731
Cash and cash equivalents at beginning of the year	206,039	198,508	198,508	150,308
Cash and cash equivalents at end of the year	5	201,810	190,911	141,968

Explanations of major variances against budgets are provided in Note 21 and Note 22. The accompanying notes form part of these financial statements.

Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	2023 Actual \$000	2022 Actual \$000
Surplus/(deficit)	(27,223)	15,945
Add/(subtract) non cash items		
Depreciation and amortisation expense	75,220	79,094
Interest amortisation	498	719
Donated assets	(327)	(12)
Total non cash items	75,391	79,801
Add/(less) items classified as investing or financing activities		
(Gains)/losses on disposal of property, plant and equipment	1,488	1,099
Interest on finance leases	824	713
Total items classified as investing or financing activities	2,312	1,812
Add/(less) movements in working capital items		
(Increase)/Decrease in trade and other receivables	(5,420)	(6,066)
(Increase)/Decrease in prepayments	(669)	(678)
Increase/(Decrease) in trade and other payables	3,800	4,691
Increase/(Decrease) in employee and volunteer benefits	17,508	7,043
Increase/(Decrease) in provisions	(8,846)	12,953
Net movement in working capital items	6,373	17,943
Net cash inflow/(outflow) from operating activities	56,853	115,501

Explanations of major variances against budgets are provided in Note 21 and Note 22. The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Statement of accounting policies for the year ended 30 June 2023

Reporting entity

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

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

These financial statements for Fire and Emergency are for the year ended 30 June 2023 and were authorised for issue by the Board on 31 October 2023.

Basis of preparation

Statement of compliance

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period. These financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

Fire and Emergency is a Tier 1 entity and the financial statements have been prepared in accordance with PBE Standards. These financial statements comply with PBE Standards.

Presentation currency and rounding

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

Standards issued and not yet effective and not early adopted

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

Changes in accounting policies

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

Summary of significant accounting policies

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

Levy revenue

Levy is payable on all contracts of insurance against the risk of fire where assets in New Zealand are covered. 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 Fire and Emergency.

Levy revenue is recognised as revenue when the obligation to pay the levy is incurred.

Volunteer services

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

Foreign currency transactions

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

Goods and services tax

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

Income tax

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

Budget figures

The original budget figures were approved by the Board on 23 June 2022 as part of the 2022/23 Statement of Performance Expectations (SPE). On 2 March 2023, the Board approved the amended budget within the amended 2022/23 SPE to reflect the impact of the settlement of the Professional Firefighters Collective Employment Agreement on 6 December 2022.

The budget figures are unaudited and have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Critical accounting estimates and assumptions

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

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

- Fair value of land and buildings – refer to Note 7
- Useful lives and residual value of property, plant and equipment – refer to Note 7
- Measuring long service leave and gratuities – refer to Note 10
- Levy receivables – refer to Note 6.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Lease classification – refer to Note 11.

2. Other revenue

Non-exchange revenue

Non-exchange transactions are those where Fire and Emergency receives value from another entity (e.g. cash or other assets) without giving approximately equal value in exchange.

Non-exchange revenue is recognised as revenue when it becomes receivable unless there is an obligation in substance to return the funds if conditions are not met.

Fire and Emergency recognises public good contributions and good corporate citizen contributions as non-exchange revenue.

Public good contributions relate to Government support for the public good element of Fire and Emergency services.

Good corporate citizen contributions are voluntarily assessed amounts paid by owners who do not insure their property.

Provision of services

Services to third parties (such as monitoring private fire alarms) is recognised in the financial year in which the services are provided in proportion to the stage of completion at balance date.

Rental revenue

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

Donated assets

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

Volunteer Fire Brigades have assets that are donated or self-funded. As Fire and Emergency does not have control over these assets they are not recorded by Fire and Emergency in the financial statements. Maintenance support is provided by Fire and Emergency for these assets.

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

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

Donations, by their nature, vary each year. Donations this year consist of mostly vehicle donations.

	2023 Actual \$000	2022 Actual \$000
Non-exchange revenue		
Public good contributions	10,000	10,000
Good corporate citizen contributions	3,947	2,286
Donations	351	380
Total non-exchange other revenue	14,298	12,666
Exchange revenue		
Monitoring private fire alarms	1,570	1,518
Gain on disposal of property, plant and equipment	263	363
Insurance proceeds	589	580
Rental revenue	321	271
Miscellaneous revenue	9,378	6,591
Total exchange other revenue	12,121	9,323
Total other revenue	26,419	21,989

3. Employee and volunteer benefits expenses

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

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 financial performance as they fall due.

Defined benefit schemes

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

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

	2023 Actual \$000	2022 Actual \$000
Salaries and wages	398,473	318,049
Employer contributions to superannuation schemes	31,435	25,220
ACC levies	4,009	3,778
Other employee and volunteer benefits expense	51,091	50,264
Total employee and volunteer benefits expense	485,008	397,311

Remuneration of employees

	2023 Actual Number	2022 Actual Number
Total remuneration paid or payable that is or exceeds \$100,000:		
\$100,000–\$109,999	175	436
\$110,000–\$119,999	235	357
\$120,000–\$129,999	265	278
\$130,000–\$139,999	290	204
\$140,000–\$149,999	303	187
\$150,000–\$159,999	295	136
\$160,000–\$169,999	210	107
\$170,000–\$179,999	190	62
\$180,000–\$189,999	139	33
\$190,000–\$199,999	85	24
\$200,000–\$209,999	72	19
\$210,000–\$219,999	65	5
\$220,000–\$229,999	34	4
\$230,000–\$239,999	21	3
\$240,000–\$249,999	14	1
\$250,000–\$259,999	12	3
\$260,000–\$269,999	7	1
\$270,000–\$279,999	3	2
\$280,000–\$289,999	2	1
\$290,000–\$299,999	5	5
\$300,000–\$309,999	3	2
\$310,000–\$319,999	4	-
\$340,000–\$349,999	1	-
\$350,000–\$359,999	-	3
\$360,000–\$369,999	1	1
\$380,000–\$389,999	1	-
\$440,000–\$449,999	-	1
\$470,000–\$479,999	1	-
\$720,000–\$729,999*	-	1
Total employees	2,433	1,876

The total number and weighting of employees with remuneration exceeding \$100,000 for the 2022/23 year has increased from prior year due to back-paid salaries following on from the settled remuneration negotiations.

* Relates to departing Chief Executive

Firefighter remuneration

Firefighters included in the remuneration information above were:

	2023 Actual	2022 Actual
Number of firefighters with remuneration over \$100,000	1,563	1,175
Firefighters as a percentage of total employees over \$100,000	64%	63%
Top firefighter remuneration range	309,999	269,999

The remuneration values disclosed above include base pay and additional payments such as call-backs and overtime. Consequently, events such as severe weather where firefighters work extra hours to attend weather related call-outs over the period of the event have an impact on the number of employees included in the >\$100,000 banding.

Other payments to employees and volunteers

Gratuities were paid out in accordance with the Act and Fire and Emergency policies to employees and volunteers who leave Fire and Emergency following a minimum of 10 years' service. There were 76 employees (2022: 101 employees) and 154 volunteers (2022: 133 volunteers) who received gratuities, costing a total of \$2.47 million (2022: \$3.43 million) and \$0.38 million (2022: \$0.32 million) respectively.

During the year, 6 employees were paid severances costing a total of \$0.55 million (2022: 24 employees, \$1.52 million).

Defined benefit scheme

The funding arrangements for the scheme are governed by section 44 of the National Provident Fund Restructuring Act 1990 and by a Trust Deed. This Act requires that any increase or decrease to the employer contribution rate should result in contributions being at a level which, on reasonable assumptions, is likely to achieve neither a surplus nor a deficit in the trust fund of the Defined Benefits Plan (DBP) scheme at the time that the last contributor to that scheme ceases to contribute. The Trust Deed specifies that immediately before the scheme is wound up, the assets and the interests of all contributors in the scheme will be transferred to the DBP Annuitants Scheme. Employers have no right to withdraw from the plan.

In practice, at present, a single contribution rate is determined for all employers, which is expressed as a multiple of the contributions of members of the scheme who are employees of that employer. The current employer contribution rate is four times contributor contributions, inclusive of Employer Contribution Withholding Tax. There is no minimum funding requirement.

As at 31 March 2023, the scheme had a past service surplus of \$0.23 million or 1.1% of the liabilities (exclusive of Employer Superannuation Contribution Tax) (2022: deficit of \$0.60 million or 1.7% of the liabilities). This surplus was calculated using a discount rate equal to the expected return on assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS 39 Employee Benefits.

The scheme had 44 members at 31 March 2023. One is a current employee of Fire and Emergency.

If a number of employers ceased to participate in the scheme, Fire and Emergency could be responsible for an increased share of any deficit.

4. Other expenses

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to Fire and Emergency are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Other expenses

Other expenses are recognised as goods and services received.

	2023 Actual \$000	2022 Actual \$000
Occupancy	30,238	25,928
Fleet	27,043	23,490
Professional fees and consultants	22,999	16,887
Computer maintenance and support	21,757	22,853
Operational clothing, equipment and consumables	18,039	12,390
Travel	13,312	7,485
Communications	10,293	10,008
Publicity and advertising	6,164	6,624
Repairs and maintenance	4,927	4,803
Insurance	4,885	4,573
Grants	3,551	2,523
Hire of aerial services	3,213	9,639
Purchase of equipment < \$1,000	1,754	3,426
Loss on disposal of property, plant and equipment	1,751	1,462
Research and development	1,719	1,635
Printing, stationery and postage	1,621	1,203
Auditors – Audit NZ fees for statutory audit	279	260
Other audit fees for other services	242	109
Remuneration of the Board	200	191
Impairment of receivables	96	184
Auditors – Audit NZ fees for other services	-	10
Other expenses	1,666	13,230
Total other expenses	175,749	168,913

Operating lease expense

The following operating lease expenses are included in total other expenses.

	2023 Actual \$000	2022 Actual \$000
Occupancy – property leases	6,723	5,667
Occupancy – car park leases	257	169
Fleet – vehicle leases	4,053	4,203
Total operating lease payments	11,033	10,039

Remuneration of the Board and Committee members

		2023 Actual \$000	2022 Actual \$000
Rebecca Keoghan	Chair	64	64
Hon. Ruth Dyson	Deputy Chair	18	-
Danny Tuato'o	Member	25	22
Mary-Anne Macleod	Member	25	21
Amit Prasad	Member	21	-
Belinda Clark	Member	14	-
Malcolm Inglis	Deputy Chair (to December 2022)	15	31
Wendie Harvey	Member (to December 2022)	13	28
Gwendoline Tepania-Palmer	Member (to September 2022)	5	25
Total Board remuneration		200	191
Murray Coppersmith	Chair of Audit and Risk Committee	18	-
Peter Taylor	Independent member Audit and Risk Committee	-	2
Total Board and Committee remuneration		218	193

Fire and Emergency has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees.

No Board or Committee members received compensation or other benefits relating to cessation (2022: \$nil).

5. Cash and cash equivalents

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

	2023 Actual \$000	2022 Actual \$000
Cash on hand and at bank	106,810	66,039
Short term deposits	95,000	140,000
Total cash and cash equivalents	201,810	206,039

Cash and cash equivalents were \$201.81 million at year end. Cash is held in reserve to fund:

- **Operating Cash Flow** – minimum cash balances of \$50m are required for Working Capital, a liquidity buffer, and to fund significant adverse events
- **Seismic Resilience** – upgrades of buildings at seismic risk
- **Capital Infrastructure** – capital programmes which have been deferred due to the Christchurch Rebuild and disruptions to the production of fire appliances
- **Capital Investment** – replacement of fleet vehicles and buildings which are at the end of their useful life
- **Delay in Levy Receipts** – future delays in the payment of levies when new levy provisions are implemented under part 3 of the Act.

No collateral or other securities are held by Fire and Emergency with respect to cash and deposits at the financial institutions.

Sensitivity analysis

The weighted average effective interest rate for term deposits at 30 June 2023 was 5.86 percent (2022: 2.17 percent). As at 30 June 2023, if the interest rates increased/decreased by 25 basis points, the interest revenue for the year and accumulated funds would increase/decrease by \$0.51 million (2022: \$0.52 million).

Cash and cash equivalents management

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

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

In addition to the minimum cash reserves, as at June 2023, \$35.85 million (2022: \$44.01 million) was ring-fenced to support the following reserves:

	Note	2023 Actual \$000	2022 Actual \$000
Seismic resilience reserve	13	33,317	37,372
Capital infrastructure investment reserve	13	2,531	6,634
Total reserves supported by cash and cash equivalents		35,848	44,006

6. Trade and other receivables

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

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

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

	2023 Actual \$000	2022 Actual \$000
Receivables under non-exchange transactions		
Levy receivables	134,345	129,008
Total receivables under non-exchange transactions	134,345	129,008
Receivables under exchange transactions		
Other receivables	6,938	6,759
Less: allowance for credit losses	(383)	(287)
Total receivables under exchange transaction	6,555	6,472
Total receivables	140,900	135,480

Trade and other receivables mainly arise from Fire and Emergency's statutory functions, and the carrying value approximates their fair value. Fire and Emergency does not have any significant concentration of credit risk in relation to trade and other receivables. There are no procedures in place to monitor or report the credit quality with reference to internal or external credit ratings. No collateral is held as security for any trade and other receivables, and Fire and Emergency's credit exposures are limited to the individual balances. Fire and Emergency does not have any receivables at year end (2022: \$nil) that would otherwise be past due, but not impaired, whose terms have been renegotiated.

Allowance for credit losses

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

Critical accounting estimated and assumptions

Levy receivables

Levy receivables includes accrued levy. As information on levies charged is received by Fire and Emergency in arrears, a model is used to estimate the accrued levy. The model is based on information within Fire and Emergency's levy database. The model is subject to judgement on the amount of levy that will be received.

7. Property, plant and equipment

Property, plant and equipment are classed as land, buildings, fire appliances, motor vehicles, communications equipment, operational equipment, non-operational equipment, computer equipment and leasehold improvements. Assets under construction are included in the relevant asset class.

Land is measured at fair value. Buildings, excluding assets under construction, are measured at fair value less accumulated depreciation and impairment losses. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluations

Land and buildings are revalued annually to ensure that their carrying amount does not differ materially from fair value.

Land and building revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Fire and Emergency and the cost of the item can be measured reliably.

Assets under construction are recognised at cost less impairment and are not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Fire and Emergency and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are expensed in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to the accumulated funds.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

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

Buildings	Up to 80 years
Fire Appliances	Up to 30 years
Motor Vehicles	Up to 20 years
Communications Equipment	Up to 10 years
Computer Equipment	Up to 4 years
Operational Equipment	Up to 12 years
Non operational Equipment	Up to 15 years
Leasehold Improvements	Up to 30 years

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

Impairment

Fire and Emergency does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Impairment exists when the amount an asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use. Impaired assets are written down to their recoverable amount.

For revalued assets impairment losses are credited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the surplus or deficit. Any subsequent reversal of impairment that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

For assets that are not revalued impairment losses and reversals of impairment are recognised in the surplus or deficit.

	Land	Buildings	Fire appliances	Motor vehicles	Communications equipment	Operational equipment	Non operational equipment	Computer equipment	Leasehold improvements	Total
Year ended 30 June 2023	\$000									
Cost or valuation	482,214	576,255	381,996	8,971	44,874	135,106	41,968	26,293	11,596	1,709,273
Accumulated depreciation	-	-	(204,706)	(6,452)	(22,774)	(84,608)	(27,256)	(14,122)	(8,907)	(368,825)
Net book value at beginning of year	482,214	576,255	177,290	2,519	22,100	50,498	14,712	12,171	2,689	1,340,448
Acquisitions	2,192	32,874	13,505	687	3,146	10,691	713	6,978	676	71,462
Disposals	(1)	(1,661)	(4,473)	(370)	(68)	(3,253)	(11)	(26)	(1,879)	(11,742)
Transfers	(860)	(2,089)	1,444	435	50	(1,382)	934	(611)	1,541	(538)
Revaluation movement	(20,927)	13,359	-	-	-	-	-	-	-	(7,568)
Depreciation expense	-	(27,132)	(22,146)	(703)	(3,963)	(10,051)	(1,561)	(3,140)	(2,294)	(70,990)
Accumulated depreciation reversed on disposal	-	-	4,333	364	-	2,972	2	-	1,865	9,536
Accumulated depreciation reversed on revaluation	-	27,132	-	-	-	-	-	-	-	27,132
Cost or valuation	462,618	618,738	392,472	9,723	48,002	141,162	43,604	32,634	11,934	1,760,887
Accumulated depreciation	-	-	(222,519)	(6,791)	(26,737)	(91,687)	(28,815)	(17,262)	(9,336)	(403,147)
Net book value at end of year	462,618	618,738	169,953	2,932	21,265	49,475	14,789	15,372	2,598	1,357,740
Includes assets under construction	94	35,028	22,359	678	8,767	13,645	1,081	14,739	62	96,453
Includes finance leases	-	-	-	-	10,155	279	-	-	-	10,434

	Land	Buildings	Fire appliances	Motor vehicles	Communications equipment	Operational equipment	Non operational equipment	Computer equipment	Leasehold improvements	Total
Year ended 30 June 2022	\$000									
Cost or valuation	413,885	486,893	376,433	8,598	58,619	126,903	37,381	20,864	9,028	1,538,604
Accumulated depreciation	-	-	(188,041)	(5,606)	(31,791)	(76,343)	(22,214)	(8,366)	(8,069)	(340,430)
Net book value at beginning of year	413,885	486,893	188,392	2,992	26,828	50,560	15,167	12,498	959	1,198,174
Acquisitions	2,551	55,033	12,066	150	3,234	9,942	375	6,199	14	89,564
Disposals	-	(343)	(6,141)	(39)	(32,882)	(2,326)	(9)	(238)	(552)	(42,530)
Transfers	(3,424)	(7,245)	(362)	262	15,903	587	4,221	(532)	3,106	12,516
Revaluation movement	69,202	41,917	-	-	-	-	-	-	-	111,119
Depreciation expense	-	(23,997)	(21,035)	(917)	(6,949)	(10,240)	(5,042)	(5,756)	(1,381)	(75,317)
Accumulated depreciation reversed on disposal	-	4	4,370	71	15,966	1,975	-	-	543	22,929
Accumulated depreciation reversed on revaluation	-	23,993	-	-	-	-	-	-	-	23,993
Cost or valuation	482,214	576,255	381,996	8,971	44,874	135,106	41,968	26,293	11,596	1,709,273
Accumulated depreciation	-	-	(204,706)	(6,452)	(22,774)	(84,608)	(27,256)	(14,122)	(8,907)	(368,825)
Net book value at end of year	482,214	576,255	177,290	2,519	22,100	50,498	14,712	12,171	2,689	1,340,448
Includes assets under construction	5	51,502	20,359	62	6,352	8,144	591	9,648	22	96,685
Includes finance leases	-	-	-	-	13,278	804	-	-	-	14,082

Critical accounting estimated and assumptions

Estimating the fair value of land and buildings

The most recent valuation of land and buildings was performed by an independent registered valuer, Telfer Young (Canterbury) Ltd. The valuation is effective as at 30 June 2023.

All properties are inspected in a three-year cycle, and a desktop valuation exercise is carried out on those properties that are not physically inspected. Fire and Emergency had 518 properties (2022: 520) in its property portfolio at year end, of which 130 (2022: 243) were inspected during the year (representing 90 percent of the portfolio).

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

Specialised buildings are valued using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include the following:

- The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations
- The replacement cost is derived from recent construction contracts and costing databases/information
- The remaining useful life of assets is estimated after considering factors such as physical deterioration, functional obsolescence and economic obsolescence
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings and land have been valued using market-based evidence. This approach involves reference to sales of properties which have similar attributes to the subject property. Subjective adjustments are applied where necessary to account for factors which have a direct impact on the sale price and value.

Land is valued on the highest and best use of the land. Where land is designated or zoned specifically for the activity of the Fire and Emergency, likely alternative use of the land and the prospect of the designation being uplifted has been considered.

Fire and Emergency requires a minimum standard for earthquake resilience of at least 67 percent of the current seismic loading standard as defined in the Building Act 2004 for fire stations (and other operational areas). A seismic strengthening programme is in place to identify and address any properties below 67 percent, which is based on a range of structural engineering work and risk assessment. The estimated cost of seismic strengthening works required is factored into the annual valuation process.

Property, plant and equipment useful lives and residential value

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

An incorrect estimate of the useful life or residual value will impact on the depreciation expense recognised in the surplus or deficit, and the carrying amount of the asset in the Statement of financial position. Fire and Emergency minimises the risk of this estimation process by:

- physical inspection of assets
- asset replacement programmes
- analysis of previous asset sales.

As at 30 June 2023, Fire and Emergency has not made any significant changes to past estimates of useful lives and residual values.

8. 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 they create a new asset or increase the future economic benefits of an existing asset. Costs capitalised for acquired computer software licences include the costs incurred to acquire the software and bring it into use. Costs capitalised for internally developed computer software include the costs incurred in the development phase only. Expense incurred on research is recognised in the surplus or deficit, 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. The asset represents Fire and Emergency's proportional share of SITE located at communication centres shared with New Zealand Police (Auckland, Wellington and Christchurch). These SITE assets include intergraph computer aided dispatch (ICAD) software, a land mobile radio network, and associated telecommunications structures. New Zealand Police maintain SITE and proportionally charges Fire and Emergency. This charge is recognised in the surplus or deficit.

Disposals

Gains and losses on the disposal of intangible assets are determined by comparing the proceeds with the carrying amounts of the assets, less any disposal costs. Gains and losses on disposal are recognised in the surplus or deficit when they occur.

Amortisation

Amortisation is charged to the surplus or deficit 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	Up to 10 years
Computer software purchased	Up to 10 years
SITE	Up to 10 years

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

Impairment of intangible assets

The carrying amounts of intangibles are reviewed at least annually to determine if there is any indication of impairment. Impairment exists when an asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use. Impaired assets are written down to their recoverable amount. Impairment losses and reversals of impairment on intangible assets are recognised in the surplus or deficit.

	Computer software (internally generated) \$000	Computer software (purchased) \$000	Shared Information Technology Environment (SITE) \$000	Total \$000
Year ended 30 June 2023				
Cost or valuation	23,964	24,620	18,958	67,542
Accumulated amortisation	(19,016)	(22,075)	(18,599)	(59,690)
Net book value at beginning of year	4,948	2,545	359	7,852
Acquisitions	1,382	-	-	1,382
Disposals	(384)	-	-	(384)
Transfers	612	-	-	612
Amortisation expense	(2,752)	(1,318)	(160)	(4,230)
Accumulated amortisation reversed on disposal	-	-	-	-
Cost or valuation	25,574	24,620	18,958	69,152
Accumulated amortisation	(21,768)	(23,393)	(18,759)	(63,920)
Net book value at end of year	3,806	1,227	199	5,232
Includes assets under construction	3,077	-	41	3,118

	Computer software (internally generated) \$000	Computer software (purchased) \$000	Shared Information Technology Environment (SITE) \$000	Total \$000
Year ended 30 June 2022				
Cost or valuation	23,417	25,045	19,594	68,056
Accumulated amortisation	(16,805)	(20,742)	(18,366)	(55,913)
Net book value at beginning of year	6,612	4,303	1,228	12,143
Acquisitions	809	-	(1,115)	(306)
Disposals	362	(44)	-	318
Transfers	(624)	(381)	479	(526)
Amortisation expense	(2,211)	(1,333)	(233)	(3,777)
Accumulated amortisation reversed on disposal	-	-	-	-
Cost or valuation	23,964	24,620	18,958	67,542
Accumulated amortisation	(19,016)	(22,075)	(18,599)	(59,690)
Net book value at end of year	4,948	2,545	359	7,852
Includes assets under construction	2,310	-	41	2,351

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

9. Trade and other payables

Short-term payables are recorded at the amount payable.

	2023 Actual \$000	2022 Actual \$000
Payables under exchange transactions		
Trade payables	14,023	16,125
Accrued expenses	22,472	22,118
Total payables under exchange transactions	36,495	38,243
Payables under non-exchange transactions		
Accident compensation	509	417
Liabilities subject to condition	-	-
Levy in advance	3,348	1,940
Income in advance	2	-
Taxation payables (GST, PAYE, FBT)	11,489	8,505
Total payables under non-exchange transactions	15,348	10,862
Total payables	51,843	49,105

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

10. Employee and volunteer benefits

Current employee and volunteer benefits

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

Non-current employee and volunteer benefits

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

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

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

	2023 Actual \$000	2022 Actual \$000
Current employee and volunteer benefits		
Accrued salaries and wages	5,960	2,883
Annual leave	50,686	39,294
Long service leave and gratuities	14,382	10,625
Total current employee and volunteer benefits	71,028	52,802
Non-current employee and volunteer benefits		
Long service leave and gratuities	45,730	46,448
Total non-current employee and volunteer benefits	45,730	46,448
Total employee and volunteer benefits	116,758	99,250

Critical accounting estimates and assumptions

Measuring long service leave and gratuities

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

Expected future payments are discounted using discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible to, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary.

The discount rate used ranged from 4.19 percent to 5.43 percent (2022: 3.34 percent to 4.47 percent) and salary inflation factor of 2.5 percent (2022: 2.5 percent) was used.

If the discount rate was 1 percent lower from that used, with all other factors held constant, the carrying amount of the liability would be an estimated \$5.49 million higher (2022: \$5.28 million higher).

If the salary inflation factor was 1 percent higher from that used, with all other factors held constant, the carrying amount of the liability would be an estimated \$5.45 million higher (2022: \$5.36 million higher).

The valuations of long service leave and gratuities as at 30 June 2023 were conducted by an independent actuary, Eriksens Global.

11. Borrowings

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

Interest Bearing Crown Loan

This liability is classified as a loan and is interest-bearing and fully repayable. The effective interest rate is based on the three-month bank bill rate plus 15 basis points. The loan is subsequently measured at amortised cost using the effective interest method. The loan must be repaid in full by 30 June 2033.

Repayable Crown funding injection

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

Finance leases

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

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Fire and Emergency will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life.

	2023 Actual \$000	2022 Actual \$000
Current borrowings		
Repayable Crown funding injection	12,683	12,502
Finance leases	3,355	3,223
Total current borrowings	16,038	15,725
Non-current borrowings		
Repayable Crown funding injection	25,732	38,414
Repayable Crown Loan	25,400	-
Finance leases	7,604	10,959
Total non-current borrowings	58,736	49,373
Total borrowings	74,774	65,098

Repayable Crown funding injection

The Crown approved funding of up to \$112 million in 2017 to help fund the transition to a unified national fire service, Fire and Emergency. Drawdown was spread over four years and the funding could only be used for the transition programme.

The funding injection is to be repaid over nine years from levy receipts, with the first instalment being paid on 29 June 2018 and the final instalment to be made by 30 June 2026. The carrying value of Crown borrowings due to the funding injection as at 30 June 2023 was \$38.42 million (2022: \$50.92 million) as set out below. The carrying value is based on cash flows discounted using the spot discount rate.

	2023 Actual \$000	2022 Actual \$000
Face value at the beginning of the year	51,939	64,939
Additional funding injection at face value	-	-
Deduct funding repayment at face value	(13,000)	(13,000)
Repayable Crown funding injection at face value	38,939	51,939
Deduct fair value adjustment at initial recognition	(5,158)	(5,158)
Accumulated interest amortisation	4,634	4,135
Carrying value at the end of year	38,415	50,916

Interest Bearing Crown Loan

The Crown approved funding for a loan of up to \$75.40 million in 2023 to ensure that Fire and Emergency could maintain liquidity until a levy rate increase could be approved and implemented following settlement of the Collective Employment Agreement with the New Zealand Professional Firefighters Union (NZPFU) on 6 December 2022.

The drawdowns will be spread evenly across the next three financial years and must be repaid in full by 30 June 2033. The principal is to be repaid annually and evenly at approximately \$10 million over 8 years, commencing on the third anniversary of the first drawdown (starting 2025/26). Early repayments can be made and interest is paid quarterly from the first drawdown.

The carrying value of Crown borrowings as at 30 June 2023 was \$25.40 million (2022: Nil) as set out below. The carrying value is based on the remaining principal of the loan.

	2023 Actual \$000	2022 Actual \$000
Carrying value at the beginning of the year	-	-
Loan Drawdowns in current year	25,400	-
Repayments in current year	-	-
Repayable Crown funding injection at face value	25,400	-

Analysis of finance leases

	Radio equipment \$000	Gas Detectors \$000	Total \$000
Year ended 30 June 2023			
Minimum lease payments payable			
Not later than one year	3,638	300	3,938
Later than one year and not later than five years	8,186	0	8,186
Later than five years	0	0	0
Total minimum lease payments	11,824	300	12,124
Future finance charges	(1,154)	(11)	(1,165)
Present value of minimum lease payments	10,670	289	10,959
Present value of minimum lease payments payable			
Not later than one year	3,066	289	3,355
Later than one year and not later than five years	7,604	0	7,604
Later than five years	0	0	0
Total present value of minimum lease payments	10,670	289	10,959

	Radio equipment \$000	Protective gear \$000	Gas Detectors \$000	Total \$000
Year ended 30 June 2022				
Minimum lease payments payable				
Not later than one year	3,638	64	301	4,003
Later than one year and not later than five years	11,822	-	301	12,123
Later than five years	-	-	-	-
Total minimum lease payments	15,460	64	602	16,126
Future finance charges	(1,903)	(2)	(39)	(1,944)
Present value of minimum lease payments	13,557	62	563	14,182
Present value of minimum lease payments payable				
Not later than one year	2,888	62	273	3,223
Later than one year and not later than five years	10,669	-	290	10,959
Later than five years	-	-	-	-
Total present value of minimum lease payments	13,557	62	563	14,182

There are no restrictions placed on Fire and Emergency by any of the finance leasing arrangements. Finance lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of default in payment.

Critical judgements in applying accounting policies

Lease classification

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

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the Statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

Fire and Emergency typically enters into finance leases for various items of plant and equipment and these are effectively secured, as the rights to the leased asset revert to the lessor in the event of default. The net carrying value of assets held under finance leases is included in Note 7.

12. Provisions

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

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

Accident Compensation Corporation Partnership Programme (ACCPP)

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

The provision for the ACCPP is calculated on an actuarial basis as the present value of expected future payments to be made in respect of employee injuries and claims up to balance date. Consideration is given to anticipated future wage and salary levels and experience of employee claims and injuries. Movements in the provision are recognised in the Statement of financial performance. 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.

Employee benefits provision

The employee benefits provision includes an amount for backpay of leave following remuneration reviews.

Lease make-good

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

PFAS

The Environmental Protection Authority amended the Firefighting Chemicals Group Standard 2017 to mandate the withdrawal of Class B firefighting foams containing substances known as per and poly fluoroalkyl substances (PFAS). The provision covers costs involved in cleaning and decontamination of PFAS foam-making equipment and appliances and storage and disposal of PFAS foams.

Loss of medical scheme

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

Year ended 30 June 2023	ACC Partnership Programme \$000	Employee Benefits provision \$000	Lease make good \$000	PFAS \$000	Loss of medical scheme \$000	Total \$000
Opening balance	4,508	12,491	6,694	530	173	24,396
Additional provisions made	155	4,879	206	-	-	5,240
Amounts used	-	(11,964)	(898)	-	-	(12,862)
Unused amounts reversed	-	(476)	(234)	(130)	-	(840)
Closing balance	4,663	4,930	5,768	400	173	15,934
Current portion	2,288	4,930	1,988	400	173	9,779
Non-current portion	2,375	-	3,780	-	-	6,155

Year ended 30 June 2022	ACC Partnership Programme \$000	Employee Benefits provision \$000	Lease make good \$000	PFAS \$000	Loss of medical scheme \$000	Total \$000
Opening balance	4,560	4,588	2,430	1,326	172	13,076
Additional provisions made	-	11,734	4,264	-	1	15,999
Amounts used	-	(1,917)	-	-	-	(1,917)
Unused amounts reversed	(52)	(1,914)	-	(796)	-	(2,762)
Closing balance	4,508	12,491	6,694	530	173	24,396
Current portion	2,238	12,491	2,680	530	173	18,112
Non-current portion	2,270	-	4,014	-	-	6,284

13. Equity

Equity is the public's interest in Fire and Emergency and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within Fire and Emergency.

Seismic Resilience Reserve

Fire and Emergency requires a minimum standard for earthquake resilience of at least 67 percent of the current seismic loading standard as defined in the Building Act 2004 for fire stations (and other operational areas). The Seismic resilience reserve was established in 2013 to ring-fence funds for the required upgrades. When Fire and Emergency approves a programme of works for seismic remediation (either strengthening or replacement) they are included in the reserve.

Capital Infrastructure Investment Reserve

The Capital Infrastructure Investment Reserve was established to track the balance of funds required to complete capital programmes deferred due to a focus on rebuilding Christchurch post-earthquake and to manage a gap in the production of Type 3 appliances.

Revaluation reserves

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

	Note	2023 Actual \$000	2022 Actual \$000
Accumulated funds			
Balance at beginning of year		754,211	748,150
Surplus for the year		(27,223)	15,945
Transfer (to)/from Capital Infrastructure Reserve		4,103	6,952
Transfer (to)/from Seismic Resilience Reserve		4,055	(17,202)
Transfers from disposal of land and buildings		2,635	366
Balance at 30 June		737,781	754,211
Seismic Resilience Reserve			
Balance at beginning of year		37,372	20,170
Transfer from/(to) accumulated funds		(4,055)	17,202
Balance at 30 June		33,317	37,372
Capital Infrastructure Investment Reserve			
Balance at beginning of year		6,634	13,586
Transfer from/(to) accumulated funds		(4,103)	(6,952)
Balance at 30 June		2,531	6,634
Crown funding injections			
Balance at beginning of year		56,458	24,450
COVID-19 Response and Recovery Fund		-	32,008
Balance at 30 June		56,458	56,458
Crown funding injections consists of:			
COVID-19 Response and Recovery Fund		51,300	51,300
Repayable Crown funding injection fair value adjustment	11	5,158	5,158
Total		56,458	56,458
Revaluation reserves			
Balance at beginning of year		603,114	468,368
Revaluations		19,564	135,112
Transfer to accumulated funds on disposal		(2,635)	(366)
Balance at 30 June		620,043	603,114
Property revaluation reserves for each asset class consist of:			
Land		302,870	326,464
Buildings		317,173	276,650
Total		620,043	603,114
Total Equity		1,450,130	1,457,789

COVID-19 Response and Recovery Fund

Fire and Emergency was successful in securing a capital injection from the COVID-19 Response and Recovery Fund (CRRF) to rebuild and upgrade 26 fire stations. The capital injection was for up to \$51.30 million over a period of three years and all funding was received and spent by 30 June 2023.

14. Capital commitments

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

	2023 Actual \$000	2022 Actual \$000
Buildings	10,834	11,879
Fire appliances	8,439	16,676
Computer equipment	19	398
Operational equipment	8,044	1,147
Computer software	1,723	354
Motor vehicles	-	-
Total capital commitments	29,059	30,454

15. Operating lease commitments

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

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

	2023 Actual \$000	2022 Actual \$000
Not later than one year	6,814	7,193
Later than one year and not later than five years	17,347	17,239
Later than five years	20,278	22,930
Total non-cancellable operating leases as lessee	44,439	47,362

Fire and Emergency has operating lease commitments for office and fire station premises and motor vehicles. Significant leases include the two floors and car parks at National Headquarters located at 42-52 Willis Street, Wellington. No restrictions are placed on Fire and Emergency by any of its operating leasing arrangements, other than that the premises must be used as commercial premises. Fire and Emergency does not have any contingent rents or sublease payments.

16. Contingencies

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

Contingent liabilities

Personal liabilities

At 30 June 2023, there were 72 personnel issues, including a small number of formal legal proceedings. In each case it is difficult to predict the final outcome of these matters, and the accompanying contingent liability is not quantifiable with a sufficient level of certainty. In addition, there were a small number of national-level employment related disputes with two separate unions before either the Employment Court or the Employment Relations Authority, and these have since progressed to mediation.

Seismic strengthening programme

There remains some uncertainty around cost projections for the seismic strengthening programme and there is a possibility that total spend may exceed the seismic resilience reserve amount of \$33.32 million at year end (2022: \$37.37 million).

Asbestos remediation

During the year, there has been a large amount of work done on our Asbestos Management Plan and our site check surveys are now nearly completed. A review of Fire and Emergency asbestos management plans, processes, and procedures is still on-going, and the extent of potential remediation works is currently unknown as at 30 June 2023.

External Investigation into Muriwai Incident

Following the deaths of two Fire and Emergency volunteer firefighters in February 2023, Fire and Emergency commissioned an independent investigation to identify all the factors that contributed to this tragic event. Work is underway to address the report's conclusions and there is potential for an external investigation to be conducted into this matter.

Contingent assets

Fire appliances

Fire and Emergency is corresponding with a fire appliance engineer regarding cracks/defects on MAN chassis Type 3 appliances, including costs to remedy the cracks/defects in the Type 3 appliances. The quantum of the costs to remedy the cracks/defects has not yet been confirmed. No formal proceedings have been issued.

17. Financial instruments

	2023 Actual \$000	2022 Actual \$000
Financial assets measured at amortised cost		
Cash and cash equivalents	201,810	206,039
Exchange trade and other receivables	6,555	6,472
Total financial assets measured at amortised cost	208,365	212,511
Financial liabilities measured at amortised cost		
Exchange trade and other payables	36,495	38,243
Other liabilities	1,249	1,633
Borrowings – Repayable Crown funding injection	38,415	50,916
Borrowings – Repayable Crown Loan	25,400	-
Borrowings – Finance leases	10,959	14,182
Total financial liabilities measured at amortised cost	112,518	104,974

Trade and other receivables exclude levy receivables as levies are charged under exercise of sovereign power, as such these items do not meet the definition of a financial instrument. All financial instruments are disclosed in accordance with PBE IPSAS 41 Financial Instruments.

Financial instrument risks

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

Market risks

Interest rate risk

Fire and Emergency is exposed to interest rate risk, which is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Fire and Emergency's exposure to the interest rate risk is limited to call deposits included in the cash and cash equivalents balance. Sensitivity analysis is provided in Note 5.

Fire and Emergency aims to reduce the risk by investing at fixed interest rates with maturities that are in line with the cash requirements of Fire and Emergency. The Fire and Emergency New Zealand Act 2017 does not provide for Fire and Emergency to enter into hedging transactions and therefore interest rate investments are not hedged.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Fire and Emergency makes purchases of goods and services overseas that require it to enter into transactions denominated in foreign currencies. New Zealand has various agreements with the USA, Canada and Australia to supply reciprocal support for firefighting and to recover cost for deployments. Deployment invoices may be charged in the host agency's currency. Fire and Emergency also holds small balances of AUD at call to enable receipt and payment of AUD transactions when necessary. As a result of these activities, exposure to currency risk arises.

Fire and Emergency manages foreign currency risks arising from contractual commitments and liabilities by entering into forward foreign exchange contracts. There were no forward foreign exchange contracts in place at year end (2022: no contracts).

Credit risk

Credit risk is the risk that a third party will default on its obligation to Fire and Emergency, causing a loss to be incurred.

In the normal course of business, Fire and Emergency incurs credit risk from trade and other receivables and transactions with financial institutions. Fire and Emergency has processes in place to review the credit quality of customers prior to the granting of credit. There is no significant concentration of credit risk arising from trade and other receivables.

Due to the timing of its cash flows and outflows, Fire and Emergency invests surplus cash with registered banks that have a high credit rating, as required by section 161 of the Crown Entities Act 2004. For each of these, the maximum credit exposure is best represented by the carrying amount in the Statement of financial position.

Fire and Emergency holds no collateral or other credit enhancement for financial instruments that give rise to credit risk.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Fire and Emergency will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions.

Fire and Emergency mainly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements. The projected cash flows are updated on a daily basis and include both known and perceived cash flow requirements.

Contractual maturity analysis of financial liabilities

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

	Carrying amount \$000	Contractual cash flows \$000	Less than 6 months \$000	6-12 months \$000	1-5 years \$000
2023					
Exchange trade and other payables	36,495	36,495	36,495	-	-
Borrowings – Repayable Crown funding injection	38,415	38,939	-	13,000	25,939
Borrowings – Repayable Crown Loan	25,400	25,400	-	-	25,400
Borrowings – Finance leases	10,959	12,124	1,969	1,969	8,186
Total	111,269	112,958	38,464	14,969	59,525
	Carrying amount \$000	Contractual cash flows \$000	Less than 6 months \$000	6-12 months \$000	1-5 years \$000
2022					
Exchange trade and other payables	38,243	38,243	38,243	-	-
Borrowings – Repayable Crown funding injection	50,916	51,939	-	13,000	38,939
Borrowings – Finance leases	14,182	16,126	2,001	2,002	12,123
Total	103,341	106,308	40,244	15,002	51,062

18. Capital management

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

19. Related party transactions and Key Management Personnel

Fire and Emergency is a wholly owned entity of the Crown.

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

Key management personnel compensation

	2023 Actual	2022 Actual
Board members		
Remuneration (\$000)	200	191
Full time equivalent members	1.0	1.0
Executive Leadership Team		
Remuneration (\$000)	2,776	2,704
Full time equivalent members	8.0	7.0
Service Delivery Leadership Team		
Remuneration (\$000)	3,357	2,661
Full time equivalent members	12.0	10.0
Total key management personnel compensation	6,333	5,556
Total full time equivalent personnel	21.0	18.0

The full-time equivalent for Board members has been determined based on the frequency and length of Board meetings, and the estimated time required for Board members to prepare for meetings. An analysis of Board member remuneration is provided in Note 4.

Other related party disclosures

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

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

Fire and Emergency reimbursed costs and paid grants to volunteer fire brigades of \$5.98 million (2022: \$5.49 million) to support the delivery of fire and emergency services. Volunteer fire brigades independently manage their affairs in accordance with their rules of incorporation, trust deed or other governing documents.

20. Post balance date events

Settlement of the Professional Firefighters Collective Employment Agreement on 6 December 2022 increased operating costs and has resulted in forecast operating deficits in 2022/23 and out-years. An increase in levy rates was sought to ensure that Fire and Emergency remains financially sustainable into the future.

On 31 July 2023, Cabinet approved a 12.8% increase in Transitional Levy rates, following public consultation. The increase is effective from 1 July 2024 and is forecast to return Fire and Emergency to operating surpluses in 2024/25.

21. Explanation of significant variances against amended budget

In March 2023, the budget within the 2022/23 SPE was amended to reflect the impact of the settlement of the Professional Firefighters Collective Employment Agreement on 6 December 2022. No other assumptions for the 2022/23 year were changed.

Explanations of major variations against the amended budget information are as follows:

Statement of financial performance

Levy was \$31.33 million higher than budget. This is largely due to growth in the commercial property base and one-off contracts for new builds.

Other revenue was \$9.0 million higher than budget due to a one-off contribution from Te Whatu Ora in lieu of levy, cost recoveries for several fires originating on public land, and international deployments to New South Wales and Alberta. Interest revenue was \$8.5 million higher due to increasing interest rates and higher than planned cash balances.

Employee and volunteer benefits expense was \$23.44 million higher than budget. This was mainly due to additional salary costs to replace firefighters absent with or isolating due to COVID-19 and increased precautions in managing COVID-19 symptoms, the appreciation of employee benefits payable to firefighters, and international deployment costs.

Depreciation and amortisation expense was \$4.82 million lower than budget due to deferrals in the capital programme.

Other expenses were \$6.89 million higher than budget, mainly due to inflationary pressures across the organisation, including occupancy, fleet, and clothing & uniform costs. These pressures were off-set by a smaller scale of long duration or significant incidents, and the one-off cost deferral in training due to COVID-19 and industrial action by the NZPFU over the first half of 2022/23.

Statement of other comprehensive revenue and expenses

Gains on revaluation of land and buildings were \$10.44 million lower than the conservatively set \$30.0 million budget, reflecting the weakening of the property market. The actual valuation represents market movements as assessed by an independent valuer, Telfer Young.

Statement of financial position

Cash and cash equivalents was \$59.84 million higher than budget. This was primarily due to starting the financial year with a higher cash balance than anticipated, higher revenue received throughout the year, and delays in the capital programme. This is partially offset by payments for the increased costs for employees and volunteers.

Property, plant and equipment was \$83.40 million higher than budget. This was largely due to a higher opening value of land and buildings due the significant revaluation to fair value as at 30 June 2022. This is partially offset by a lower than expected fair value increase in the current year due to weakening market conditions, and delays in the capital programme.

Trade and other payables was \$24.24 million higher than budget. This is largely due to accrued operating and capital expenditure for works in progress at year end, levy being received in advance, and an increase in taxes payable resulting from backpay processed during June.

Employee and volunteer benefits was \$34.28 million higher than budget. This was largely due to a higher opening balance and the appreciation of employee benefits payable.

Total equity was \$82.15 million higher than budget. This was largely due to the revaluation reserves being higher than budget by \$91.97 million resulting from an increased opening balance. All other equity is \$9.82 million lower than budget, largely due to a decreased opening balance, partially offset by a decreased net deficit for the year.

22. Explanation of significant variances against the original budget, where different from the amended budget

Explanations of major variations against the original budget information at the start of the financial year where different from the amended budget, are as follows:

Statement of Financial Performance

Employee and volunteer benefits expense was \$78.09 million higher than the original budget. Of this, \$54.65 million was backpay and current year pay increases resulting from the settlement of the Professional Firefighters CEA. The remaining \$23.44 million expense higher than budget was mainly due to additional salary costs to replace firefighters absent with or isolating due to COVID-19 and increased precautions in managing COVID-19 symptoms, the appreciation of employee benefits payable to firefighters, and international deployment costs.

Statement of Financial Position

Borrowings was \$21.60 million higher than the original budget and is primarily due to drawing down \$25.40 million of the interest bearing Crown Loan in connection with financing the settlement of the Professional Firefighters CEA.

Trade and other payables was \$5.25 million higher than budget largely due to accrued operating and capital expenditure for works in progress at year end.

Cash and cash equivalents was \$10.90 million higher than the original budget. This was primarily due to starting the financial year with a higher cash balance than anticipated, higher revenue received throughout the year, and delays in the capital programme. This is partially offset by payments for the increased costs for settlement of the Professional Firefighters Collective Employment Agreement.

Total equity was \$26.74 million higher than the original budget. This was largely due to the revaluation reserves being higher than the original budget by \$91.97 million resulting from an increased opening balance, offset by all other equity being \$65.23 million lower than the original budget largely due to the operating deficit resulting from the settlement of the Professional Firefighters CEA and a decreased opening balance.

Te rīpoata a te kaiarotake tūtahi Independent Auditor's report

To the readers of Fire and Emergency New Zealand's financial statements and performance information for the year ended 30 June 2023

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

We have audited:

- the financial statements of Fire and Emergency on pages 68 to 107, that comprise the statement of financial position as at 30 June 2023, the statement of financial performance, statement of other comprehensive revenue and expense, statement of changes in equity, statement of cash flows and the statement of accounting policies for the year ended on that date and the notes to the financial statements that include other explanatory information; and
- the performance information which reports against Fire and Emergency's statement of performance expectations for the year ended 30 June 2023 on pages 12 to 23, 43 to 55 and 58 to 62.

Opinion

Unmodified opinion on the financial statements

In our opinion, the financial statements of Fire and Emergency:

- present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Qualified opinion on the performance information

In our opinion, except for the possible effects of the matter described in the Basis for our opinion section of our report, Fire and Emergency's performance information for the year ended 30 June 2023:

- presents fairly, in all material respects, for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses compared with the forecasts included in the statement of performance expectations for the financial year; and
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

Performance information: Our work was limited because performance data was not collected for some performance measures during July 2022 to December 2022

As outlined on page 45, performance data was not collected for certain output performance measures during July 2022 to December 2022, due to industrial action by New Zealand Professional Firefighters Union members.

The performance data for the affected output performance measures fairly reflects the performance for January 2023 to June 2023. However, because relevant performance data was not collected for those measures during July 2022 to December 2022, the output performance data for the full year is incomplete. Accordingly, our work was limited and there were no audit procedures we could apply to the performance data for the affected output performance measures for the period July 2022 to December 2022, given the data was not collected. We have been unable to determine whether the reported performance for the full year reflects the actual performance for the affected performance measures for the year ended 30 June 2023.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 2 to 11, 24 to 42, 56, 57, 63 to 67 and 112 to 115, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

In addition to the audit, we have carried out a probity assurance engagement which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with, or interests in Fire and Emergency.



Andrew Clark

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

Tō Mātou Poari

Our Board

The Fire and Emergency New Zealand Board is appointed by the Minister of Internal Affairs. Terms of appointment are usually for three years and members are eligible for reappointment.

The current members of the Board are:

Hon Ruth Dyson, QSO (Deputy Chair)

Appointed to the Board in December 2022, the Hon Ruth Dyson has significant public policy and political experience. Ruth was a Cabinet Minister between 1999 and 2008 and has almost 30 years' experience in Parliament. Having been a champion for change for the disability sector for 30 years, Ruth was awarded the Queen's Service Order in 2021 for services as a Member of Parliament and to disabled people. Ruth holds appointments on a number of Boards, including the Asia-Pacific Leadership Network and Toka Tū Ake | Earthquake Commission.

Mary-Anne Macleod

Appointed in August 2021, Mary-Anne Macleod is a strategic advisor to central and local government agencies while also holding appointments on several government and private boards. She has extensive experience in governance as well as in local and central government. Mary-Anne has a Masters in Earth Sciences.

Danny Tuato'o

Appointed to the Board in August 2021, Danny Tuato'o is currently a Partner at Marsden Woods Inskip Smith, providing specialist property and commercial law advice in the Northland region. He has significant experience working with Māori entities and holds appointments on both government and private boards.

Rebecca Keoghan (Chair)

Rebecca was appointed Deputy Chair of the Board for a three-year term in June 2019 and she was appointed Chair in July 2021.

Rebecca has a wealth of governance and executive experience across a variety of industries: investment, supply chain, manufacturing, energy, ports, medical, agriculture, FMCG, forestry, health and safety, and fire and emergency. In 2018, she was recognised as a rural Woman of Influence. In 2016, she was Fonterra's Dairy Woman of the Year. Rebecca was made a Member of the New Zealand Order of Merit in 2017 Queen's Birthday Honours.



Amit Prasad

Appointed to the Board in September 2022, Amit Prasad is a Chartered Accountant with significant experience in finance, audit and risk management. Amit has extensive governance experience, particularly in the not-for-profit sector. He currently holds a number of governance roles on Boards and Committees in the public, private and not-for-profit sectors.

Belinda Clark, QSO

Appointed to the Board in December 2022, Belinda Clark has significant experience as a public sector leader in both New Zealand and Australia and considerable legal and Treaty of Waitangi expertise. Belinda holds an LLM in International Law from New York University as well as a LLB (Hons) and BA from the University of Auckland. Belinda led the 2022 independent review on behalf of Te Kawa Mataaho | Public Service Commission on assessing Fire and Emergency New Zealand's workplace culture and its handling of complaints of bullying and harassment. Belinda was awarded a Queen's Service Order in 2014 for services to the State.

Appendix one

Fire and Emergency greenhouse emissions sources

Source	Scope*	2018/19 Baseline	2019/20	2020/21	2021/22	2022/23
Diesel: red fleet	1	4,109.9	4,097.0	4,235.9	3,880.4	4,125.2
Diesel: white fleet	1	**3,122.8	**2,934.4	**3,026.5	2,527.7	2,867.9
Helicopters and aircraft	3	1,479.3	1,157.7	1,084.4	1,285.1	942.6
Electricity	2	1,570.0	1,742.6	2,040.5	1,393.4	917.1
Gas	1	1,427.5	1,080.6	1,151.0	1,010.8	1,201.8
Diesel: plant and equipment	3	25.4	69.2	41.0	294.3	16.4
Diesel: other	1	**	**	**	142.3	59.7
Air travel domestic	3	2,247.8	1,466.3	1,063.3	1,053.8	1,590.0
Air travel international	3	941.2	501.0	3.0	32.8	432.3
Petrol	1	305.5	274.7	268.2	240.7	305.8
Waste (including paper recycling)	3	210.0	261.6	209.5	402.7	350.5
Taxis, rental cars, private cars	3	340.2	249.0	274.0	159.1	222.8
Refrigerants	1	235.4	235.4	235.4	235.4	214.4
Water	3	160.1	211.1	215.4	227.2	199.7
Accommodation	3	287.1	210.0	187.4	123.3	195.1
Imported steam (from coal)	2	140.2	153.1	136.7	167.3	215.9
Training live burns	1	174.6	97.7	140.4	88.7	3.6
Freight	3	72.3	67.7	178.8	101.0	119.2
Working from home	3		36.4	33.1	46.1	40.5
Total (mandatory sources)		16,849	14,846	14,524	13,412	14,021
Reduction since baseline (mandatory sources)			11.9%	13.8%	20.4%	16.8%
~Staff commuting	3	1,196	1,062	992	967	973
~Property construction	3	10,671	10,648	12,942	13,756	8,794
~Fleet (non-fuel)	3	6,279	7,113	6,365	4,926	5,480
~Equipment	3	3,999	3,904	3,361	4,187	3,905
~Uniforms and safety clothing	3	3,609	3,009	4,209	2,603	3,648
~Printing and stationery	3	3,362	3,104	3,151	2,915	2,803
~Communications	3	1,468	1,468	1,279	1,420	1,222
~Consultants/contractors	3	1,376	1,315	1,264	1,692	2,314
~Food	3	1,263	975	975	885	1,221
~ICT	3	1,203	1,297	662	866	502
~Total (supply chain)		34,426	33,895	35,200	34,217	30,864
Grand total		51,275	48,740	49,724	47,629	44,884

* Scope 1: direct emissions (like burning fuel), Scope 2: indirect emissions from imported energy (electricity and steam), Scope 3: indirect emissions from all other sources.
 ** "Diesel: other" was grouped with white fleet diesel for the first three years of data.

Fire and Emergency greenhouse emission's reduction targets by source

Source	2025 Target	2030 Target	2018/19 Baseline	2022/23 Actual	2022/23 Reduction
White fleet & petrol	20%	30%	3,428	3,174	7.4%
Gas (LPG, natural gas)	30%	50%	1,428	1,202	16%
Electricity	-20%	5%	1,576	917	42%
Air travel	65%	75%	3,189	2,022	37%
Taxis, rental/private cars	45%	70%	340	223	35%
Accommodation	45%	70%	292	195	33%
Imported steam (from coal)	0%	100%	140	216	-54%
Subtotal	27.8%*	42.3%*	11,260	8,953	20.5%
Red fleet	5%	10%	4,110	4,125	-0.4%
Helicopters/aircraft	15%	15%	1,479	943	36%
All mandatory sources	21.2%*	32.1%**	16,849	14,021	16.8%

* Target meets or exceeds the CNGP target.

** Target does not meet CNGP target.

Green results are on track to meet the 2025 and 2030 targets.

Negative numbers mean an increase since the baseline.

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

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Te Kāwanatanga o Aotearoa
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