NEW ZEALAND FIRE SERVICE
Whakaratonga Iwi

Annual Report

For the year ended 30 June 2017











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Our year at a glance

As at 30 June 2017

OUR PEOPLE

1,734
CAREER FIREFIGHTERS

8,161
URBAN VOLUNTEERS

3,134
RURAL VOLUNTEERS

672
MANAGEMENT AND SUPPORT STAFF

1 JULY 2016 – 30 JUNE 2017

77,465 INCIDENTS ATTENDED

An increase of 3.5% on 2015/16 (one in every three were false alarms)

This included:

Increase/decrease

- **2,260** EXTREME WEATHER EVENTS
- **5,236** STRUCTURE FIRES
- **11,681** MEDICAL EMERGENCIES
- **6,217** MOTOR VEHICLE ACCIDENTS
- **3,859** VEGETATION FIRES
- **3,280** HAZARDOUS MATERIALS

EXPENDITURE

CAPITAL
$48.5 MILLION

OPERATING
$423.6 MILLION

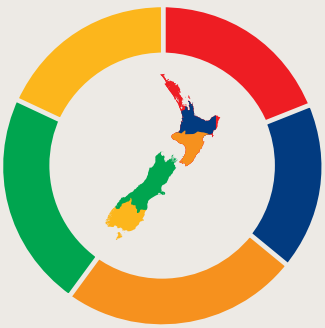
ASSET BASE
$776.4 MILLION

REVENUE
$417.7 MILLION

MOST TRUSTED PUBLIC SECTOR ORGANISATION[1]

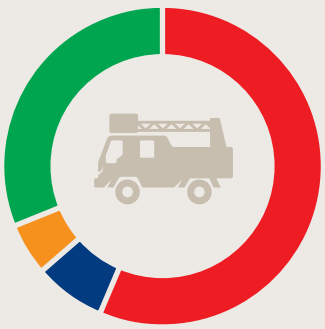
OUR NETWORK – FIVE REGIONS

FIRE STATIONS BY REGION

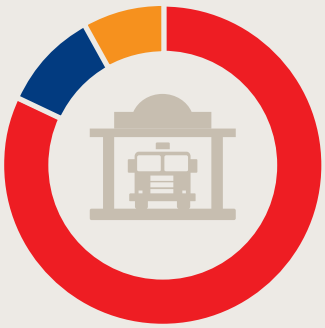


- Region 1 19%
- Region 2 17%
- Region 3 24%
- Region 4 22%
- Region 5 18%

FIRE STATIONS BY TYPE



- Volunteer stations 360
- Career stations 46
- Composite[2] stations 33
- Rural fire forces 196



- Volunteer 82%
- Career 10%
- Composite 8%

[1] Colmar Brunton's 2017 Public Sector Reputation Rankings.
[2] Volunteer and career.

Contents

New Zealand Fire Service Commission

Our Vision

Te Manatū o ngā ratonga ohotata kia haumaru ake ai a Aotearoa.

Leading integrated fire and emergency services for a safer New Zealand.

Our mission

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

Our goals

- To protect people, property and the environment by providing a prompt and efficient response to fires and other emergencies.
- To promote fire safe behaviour and practice through proactive public education and rural fire coordination.
- To make communities resilient by preparing for and responding to a broad range of non-fire emergencies in collaboration with other agencies.

Our values

- Service.
- Integrity.
- Adaptability.
- Skill.
- Comradeship.

Our role

The New Zealand Fire Service Commission was established as a Crown entity under section 4 of the Fire Service Act 1975. The Crown Entities Act 2004 prescribes the accountability framework for the Commission, and sets out the relationships among the Minister, the Chair, the Board and the Chief Executive, and between the Minister and Parliament. The New Zealand Fire Service Commission has five principal roles:

- Governance and operation of the New Zealand Fire Service.
- Exercising the functions of the National Rural Fire Authority (NRFA).
- Coordination of fire safety throughout New Zealand.
- Receipt and audit of the proceeds of the Fire Service Levy.
- Preparation for Fire and Emergency New Zealand.

Our history

through the decades

As we approach a new beginning, we take a look back at our history and reflect on the events that have shaped where we are today.

1850s

1856

"Water, water (buckets) everywhere."
It wouldn't have looked strange when walking into someone's home to find two buckets of water by the door. Set by the Wellington Provincial Council, the Town Protection Act requires all citizens to keep pails of water at the ready to help put out fires.

1854

"First NZ volunteer fire brigade forms in Auckland."
Back in ye olde days, insurance companies sponsored a few fire brigades to fight fires BUT only at insured buildings that were specially marked. To combat the blaze, brigades used water buckets but, thankfully, soon upgraded to manual pumps provided by the Auckland City Council and ... of course ... the insurance companies.

1860s

1858

Auckland fire
destroys much of the commercial district around High and Shortland Streets.

1861

Volunteer fire brigade forms in Dunedin.
New Zealand's first paid firefighter – Superintendent Robertson.

1867

Municipal Corporation Act 1867.

1870s

1868

The first permanently manned brigade
is established in Christchurch allowing paid firefighters to live there.

1870

Lyttelton's business centre burns
while residents demolish buildings to stop flames spreading. They had no brigade at the time.

1878

United Fire Brigades of New Zealand founded.

"Jump ... for your life."
Dunedin Brigade imports the first 15-metre telescopic fire escape ladder. Around this time, the first use of 'jumping sheets' is recorded. Jumping sheets are used to catch people leaping from burning buildings ... and probably in a single bound as well.

1880s

1879

Fire in Dunedin's Octagon
engulfs many buildings killing 12 people.





1900s

1888

Let there be light.
Twelve automatic electric street alarms are installed in Auckland, replacing alarm bells and lookout towers.

1901

Three serious central Auckland city fires
including a blaze in the Grand Hotel take five lives, leading to the restructuring of the Auckland Fire Brigade.

1903

"The first motorised fire engine in Australasia."
Of all places to have it first, Whanganui receives the 'Merryweather Automobile Steam Fire Engine', the first in Australasia, becoming the pride of the Whanganui Fire Brigade. There is an unveiling, in which the mayor addresses the large crowds at the Fountain, while "Lady Mayoress" starts pumping the apparatus. After three loud cheers, the lever is pulled and a jet of water shoots over the Post Office tower. An evening demonstration also takes place and at the conclusion, the Garrison Band plays the Brigade home.

1906

Fire Brigades Act signed into existence.
Auckland and Wellington also take possession of these 'self-propelled' motorised fire machines.

1910s

1907

"Burning down the House."
11 December. The first Parliament buildings in Wellington, which were made from wood, are destroyed by fire. Many onlookers and firemen race to save books, papers and artworks, while the General Assembly Library next to it is saved due to its fire walls and metal fire door. Parliament sits in Government House until the replacement, wisely built of stone, is erected in 1918.

1913

"SMASH IT."
A Dunedin City Brigade member invents a new system of street alarms. If there's a fire, a member of the public will smash a glass box situated on a lamp post. This sends a signal to a switchboard operator who then sends a fire engine to the address indicated by the signal's location. Believe it or not – this is to be the main system in New Zealand for the next 50 years and is still being used in some towns up until the late 1970s.

1920s

1926

The Updated Fire Brigades Act 1926.

1930s

1930

Founded: New Zealand Fire Brigades Institute.





1940s

1940s

All hands on deck
With many men away serving overseas in the army in World War II, women step in to many non-traditional roles to support the war effort. Women are trained to carry out fire-fighting duties all over New Zealand. Almost without exception, these women are from various divisions of the Women's Auxiliary services such as WWSA (Women's War Service Auxiliary) and WAAC (Women's Auxiliary Army Corps).

Under the WWSA, women volunteer for fire warden duties in Christchurch, staff Wellington fire station and work out of Auckland fire station, attending fires, running out hose, driving appliances to fire calls, testing extinguishers and fire alarms, and checking on fire wardens in the city.

1942

8 December. Fire at Seacliff Mental Hospital.
Thirty-seven patients, who were locked in an unsupervised ward, die, resulting in a recommendation that automatic fire detection systems and sprinklers be installed in psychiatric hospitals.

1947

"Ballantynes Fire."
Seventy years ago, during Cup week in Christchurch, Ballantynes is inundated with an estimated 250–300 visitors and shoppers, along with a staff of 458. Mid-afternoon on 18 November, a fire starts in one the building's basements. By 3.35 pm, a staff member sees smoke emerging from the stairwell and asks another staff member to alert the brigade. At 3.48 pm, the fire is swelling out of control and the brigade arrives undermanned and unable to handle the extent of the inferno. In the end, the fire claims 41 people, the most victims to date in New Zealand fire disaster history.

A Royal Commission of Inquiry finds that Ballantynes and the fire brigade did not reasonably provide safety and escape measures for staff and public. Upon the Inquiry's recommendations, the Fire Services Act 1949 is introduced, attempting to standardise the Fire Service organisation, its administration and financing. The Act also establishes the Fire Service Council, which represents the Government, insurance companies, local authorities, and the United Fire Brigades' Association and the firefighters.

1949

Fire Services Act.
First standardisation attempt of the Fire Service organisation, administration and financing.

1950s

1954

Fire Service Regulation, Code of Practice and Coordination Scheme
is put in place to allow extended cooperation between brigades.

1960s

1957

Fire Service Training School to open in Island Bay, Wellington.





1970s

1969

July. Fire at Sprott House, a nursing home in Wellington. Seven elderly women residents die. Leads to the Fire Safety (Evacuation of Buildings) Regulations 1970 making sprinklers, automatic alarms and evacuation schemes compulsory for institutions housing more than 20 people.

1970

First 'snorkel' appliance is deployed to Wellington. Now known as 'Type 5' appliance.

1973

"What's that smell?"
February. In Parnell, Auckland, leaking chemical drums are dumped causing an emergency resulting in 6,000 people being evacuated from their homes. 643 people are treated in hospital, including 41 firefighters injured from either inhaling fumes or receiving burns from the caustic soda used to neutralise the spilled chemical.

1974–1975

Creation of the New Zealand Fire Service Commission.

1976

1 April. Who you gonna call?
The New Zealand Fire Service goes live today.

1979

Landmark gender equity battle begins.
Fire communications centre worker, Anne Barry applies to join the Fire Service as a career firefighter.

Anne is initially rejected for not meeting the height requirements but it soon becomes apparent that the real reason for rejection is because she is female. Anne takes the New Zealand Fire Service Commission to the Human Rights Commission in order to have the opportunity to train as a career firefighter.

1980s

1981

Fire Incident Reporting System begins.
Pre-cursor to Intergraph Computer Aided Dispatch (ICAD) reporting system.

Success
On 27 July, Anne Barry wins her two-year battle with the New Zealand Fire Service Commission and is allowed to apply to join the Fire Service as a career firefighter.

Proving themselves
On 4 November, Elizabeth England and Anne Barry complete the Fire Service's recruit course, with overall placings of second and third respectively, becoming New Zealand's first female career firefighters, and the first female career firefighters in Australasia.

1984

A fire breaks out in Auckland's ICI's chemical warehouse.
Sixty firefighters are injured after they come into contact with chemicals. The investigation into the fire results in improved clothing for firefighters, a standard procedure for fireground safety, the introduction of fireground safety officers and changes to the occupational health service.

1989

Fire at Auckland's Terwindle Rest Home causes the death of six elderly residents. Further fire deaths in rest homes in Feilding and Collingwood in the 1990s lead to the Fire Service calling for compulsory smoke detectors and sprinklers.

1990s

1990

Fire Service Amendment Act changes the make-up of the New Zealand Fire Service Commission.

1995

A major restructure occurs changing from six regions and 20 areas to three regions and 11 areas. Legal action is taken.




1997

Fire Service is restructured into eight fire regions with a corporate office and a National Service Centre. Known as the "Future Direction" project.

1998

Part of that restructure sets out to rearrange firefighter numbers and employment conditions, which leads to industrial unrest.

2000s

1999

The Audit Office criticises the disagreements between the New Zealand Fire Service Commission and the Chief Executive on a proposed agreement with the New Zealand Professional Firefighters Union.

2001

Fire Service launches Firewise, the flagship fire education programme.

Stronger together
In May, a group of career female firefighters meet in Auckland to discuss the possibility of setting up a support network group. Many topics are discussed over the two days of the meeting, and one outcome is the formation of New Zealand Fire Service Women (NZFSW).

2003

'Speed of Fire' advertisement is launched showing people how quickly fire spreads. The success of the advertisement is still felt today.

2006

National Training Centre opens in Rotorua.

2010s

2008

Fire Service joins the 50-year celebration of the 111 emergency phone number.

2010

19 November. Pike River Mine disaster, 29 deaths.

2011

22 February. Christchurch earthquake, 185 deaths.

2015

New Zealand Fire Service Women (NZFSW) is rebranded as Women in Fire and Emergency New Zealand (WFENZ).

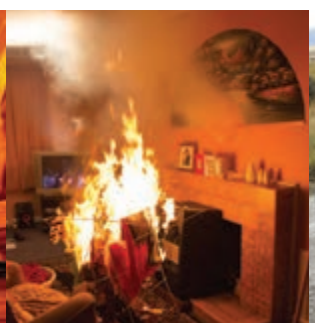
2016

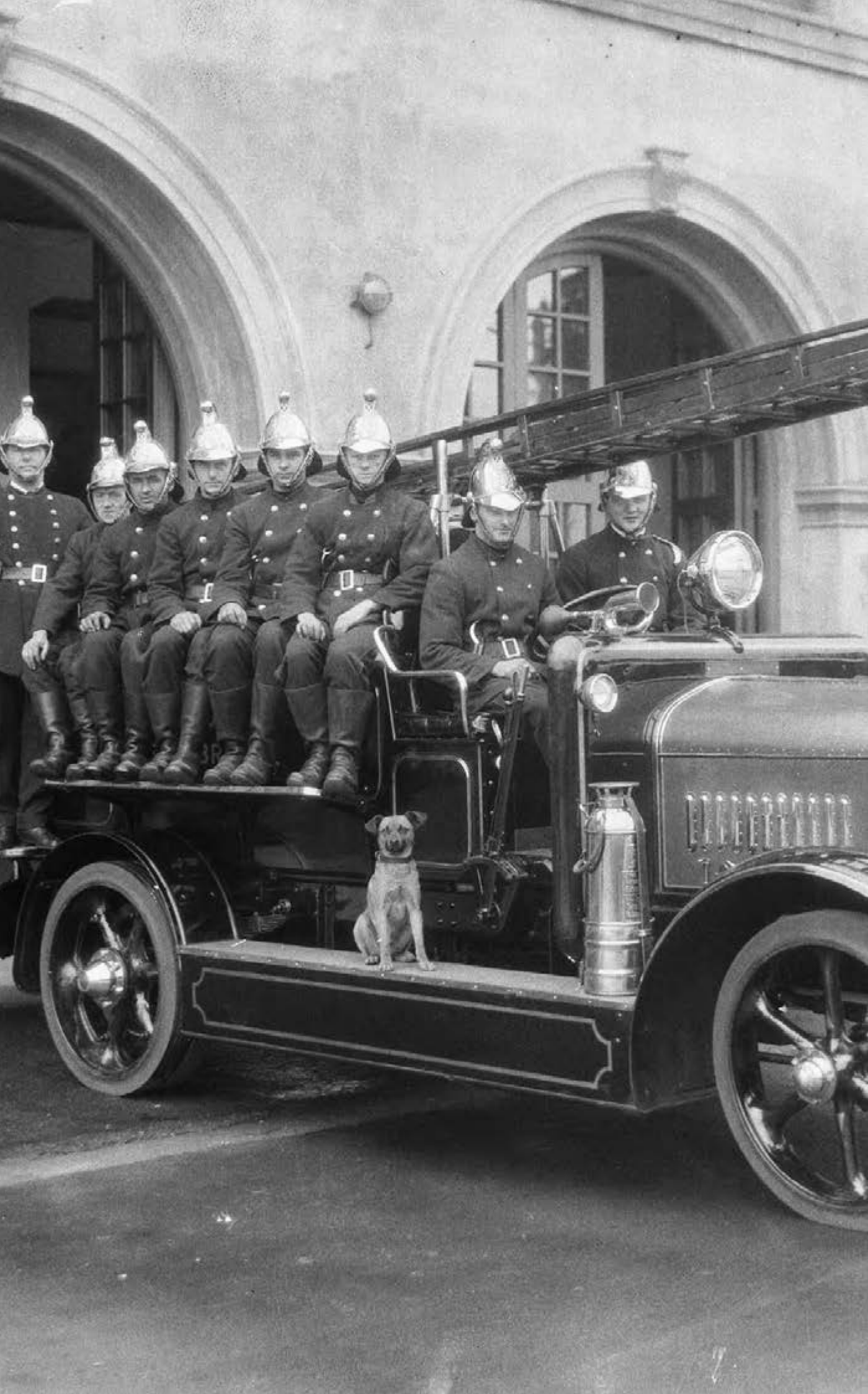
14 November. Kaikoura earthquake, magnitude 7.8, two deaths.

2017

Christchurch Port Hills fires. Starts 13 February 2017. Steve Askin, helicopter pilot and sole occupant, crashes and dies.








LTD.
SMITH LTD. Vitrolite Fires.
FIRE

The Board

Members of the New Zealand Fire Service Commission Board are appointed by the Minister of Internal Affairs having regard to criteria set out in both the Crown Entities Act 2004 (as amended in 2013) and the Fire Service Act 1975.

The Board members are:

Hon. Paul Swain, QSO (Chair)

Paul was appointed as the Board's Chair in April 2016 after leading the independent review of the Fire Service in 2012, which resulted in a call for reform.

His political career has spanned some 18 years, during which time he has held a number of ministerial portfolios, including state-owned enterprises, corrections and immigration. He was also a negotiator in Waitangi settlements, and holds a seat on the Wellington Regional Council.

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

Organisational committees:

- Chair – Rural Fire Committee.
- Member – Audit and Risk Committee.
- Member – Remuneration Committee.

Declaration of interests:

- Greater Wellington Regional Councillor.
- Chair – New Zealand Utilities Advisory Group.
- Principal – Paul Swain Consulting.
- Former Chair – Fire Review Panel (2012).

Dr Nicola Crauford (Deputy Chair)

Nicola was appointed as the Board's Deputy Chair in April 2016. She has a wealth of governance experience, including a sound understanding of rural fire that was gained during her time as Chair of the Wellington Rural Fire Authority.

Organisational committees:

- Chair – Transition Committee.
- Member – Remuneration Committee.

Declaration of interests:

- Director – Watercare Services Limited.
- Advisor – Wellington Water Limited.
- Director – Orion New Zealand.
- Chair – GNS Science.
- Director – Environmental Protection Agency.
- Advisor – WorleyParsons New Zealand Limited.
- Member – Electoral Authority of the Co-operation Bank Limited.
- Director and Shareholder – Riposte Consulting Limited.

Te Arohanui Cook

First appointed to the Board in April 2016, Te Arohanui has had significant engagement with rural fire at both an operational level and through her involvement in rural fire training.

Organisational committees:

- Member – Audit and Risk Committee.

Declaration of interests:

- Volunteer Firefighter – Waipukurau.
- Former Director and Shareholder – RFNS Training Services Limited.
- Former Principal Rural Fire Officer – Central Hawke's Bay.
- Director and Shareholder – Phoenix Ventures Waipukurau Limited.

Peter Drummond MNZM

Peter was appointed to the Board in April 2016, and has an extensive background in governance and leadership roles. As a former Chair of the United Fire Brigades Association, Peter has an in-depth understanding of volunteers and the role they play in fire and emergency services.

Organisational committees:

- Member – Transition Committee.

Declaration of interests:

- Chairman – Appliance Connexion Group Services Limited.
- Director – Score Limited.
- Chairman – Medical Missions South Pacific.
- Director – Port Marlborough New Zealand Limited.
- Director – Ngāti Awa.
- Director – NARTA New Zealand Limited.
- Director – NARTA International Pty Limited.
- Chairman – Watercare Harbour Clean-Up Trust.
- Chairman – Whip Around.
- Former Member – Fire Review Panel (2012).

Angela Hauk-Willis

Angela has a wide range of governance experience, including being a Board member with the New Zealand Fire Service Commission since 2011. Angela brings continuity of governance to the Board as it leads the establishment of a new organisation.

Organisational committees:

- Chair – Audit and Risk Committee.
- Deputy Chair – Transition Committee.
- Chair – Remuneration Committee.

Declaration of interests:

- Trustee – 2020 Trust.
- Chair – Risk and Assurance Committee, Ministry of Transport.
- Principal – Angela Hauk-Willis Consulting.

Chair's foreword

I'm pleased to present the final Annual Report of the New Zealand Fire Service Commission, which will become the Fire and Emergency New Zealand Board as of 1 July 2017.

The past 12 months have seen a remarkable amount of change for the fire services sector, as the New Zealand Fire Service, the National Rural Fire Authority, 12 enlarged rural fire districts and 26 territorial authority Rural Fire Authorities prepared to amalgamate into one organisation.

The Board would like to acknowledge Hon. Peter Dunne, Minister of Internal Affairs, for his leadership in the sector and his integral role in driving the Fire and Emergency New Zealand Act 2017 through Parliament, thereby providing the legislative platform for our fire and emergency services to better meet the challenges that New Zealand faces in the 21st Century.

While the promotion of fire safety remains the first of Fire and Emergency's main legislative functions, its wider emergency role is evident in the detail of the 77,465 incidents attended by firefighters this year, with sustained increases in the number of medical emergencies (3.0%) and motor vehicle accidents (12.7%) against the previous year.

On top of these critical services provided to New Zealanders on a 24/7 basis, this year has also seen its share of major incidents, including the Kaikoura earthquake, Port Hills fires and other major fires, as well as significant flooding right around the country. Incidents of this type have all demonstrated the need for emergency services to work more closely together.

Given the critical nature of this work, the Board's focus for 'Day One' has been to ensure that the amalgamation of urban and rural fire services occurs without disruption to emergency response, payroll, or operational command and control. For that reason, Fire and Emergency New Zealand will be established in three phases – amalgamation, integration, unification.

Following amalgamation on 1 July 2017, the existing urban and rural structures will be gradually integrated over the next three years towards full unification from 2020 onwards. Success here is dependent on our ability to continue to draw on the skills, knowledge and experience of our people.

The transition to Fire and Emergency New Zealand has been characterised by a 'co-design' approach, with over 700 events, workshops and forums held this year with operational people, the unions and associations who represent them, and our partner organisations in the sector. We have been very encouraged by the willingness of these diverse parties to actively participate in the design process and we look forward to this collaborative relationship continuing as Fire and Emergency New Zealand's standard way of working.

In the meantime, the Board would like to commend everyone in the urban and rural fire services for another outstanding year of hard work to keep our communities safe. We look forward to these strong foundations

of service continuing under Fire and Emergency New Zealand, as we build on the positive legacy of the past in preparation for the future.

Hon. Paul Swain
Board Chair

Chief Executive's overview

Firstly, I would like to thank all our people – urban, rural, career, volunteer, operational and non-operational alike – for all the hard work they've put in this year. We are grateful for their efforts in responding to major incidents like the Kaikoura earthquake, Hawke's Bay and Port Hills fires, and flooding in Edgecumbe and other parts of the country – on top of all the 'regular' incidents we respond to on a 24/7 basis. All the while they were participating in the biggest change to New Zealand's fire sector in a generation.

The Kaikoura earthquake was a particularly challenging event. This 7.8 magnitude earthquake impacted multiple locations, including Kaikoura, which was completely cut-off by slips. We had significant damage in smaller South Island towns like Waiau, as well as Wellington's CBD, which was then hit by torrential rain the following day, cutting off the two major roads in and out of the city.

I'm very proud of the way all our people conducted themselves, from the local brigades who were first on-scene, to our Urban Search and Rescue (USAR) teams, the rural firefighters who supplied water in 4WD tankers to cut-off farmers, and those who coordinated the necessary logistics for our response efforts. Each group brought their own strengths to the situation, and will be even more effective when combined into a single, integrated fire and emergency service.

Sadly, the year was not without tragedy and our thoughts are still with the friends and family of pilot Steve Askin, who was killed in a helicopter crash while responding to the Port Hills fires. It's an unfortunate reminder of the risk that is inherent to the incidents our people attend, which is why their safety, health and wellbeing is paramount to us.

Progress in this area includes the completion of our line rescue training project, a new peer support programme to support psychological wellbeing after working around traumatic incidents, and a project to increase the safety of our people when working in and around water through awareness, training and the right equipment.

It has also been a more positive year for avoidable fire fatality prevention, with a decrease in the number of avoidable deaths to 14 from last year's total of 18. That said, these figures demonstrate the continued necessity of fire safety promotion, particularly as six of these occurred in homes with no working smoke alarms.

Connecting with our communities is an integral part of promoting fire safety, hence the need for our workforce to become more inclusive and diverse. Our people-led groups to increase the number of women,

Māori and Pacific Island peoples have made great progress this year. We have a long way to go with female firefighters making up just 3.5% of our career workforce, but we are encouraged to see that the proportion of successful female applicants has jumped from 1% to 17% over the past three years.

Finally, it was pleasing to hear that the Fire Service led Colmar Brunton's 'most reputable public sector agency' index for the second year running in 2016/17. This reputation comes down to the actions of our people, and I have no doubt they will continue to build on our proud history under the banner of Fire and Emergency New Zealand.

Paul McGill
Chief Executive and National Commander

We work closely with other emergency services to provide the highest level of protection.

Our priorities

In our 2014–2018 Statement of Intent, we set out a range of ambitious goals backed by an extensive programme of work to achieve our vision of "leading integrated fire and emergency services for a safer New Zealand" by 2020. Considerable progress has been made towards achieving that vision as we continue to focus on our people and how we do our work to best serve our communities.

Implementing the Government's decision to unify New Zealand's fire services by 1 July 2017 has been a major focus for us this year. Embedding the fundamental principles and intent of Vision 2020 has prepared us well for the most important change in New Zealand's fire and emergency services in decades – the transition to Fire and Emergency New Zealand.

Our priorities are:

- Transition to Fire and Emergency New Zealand.
- Safety of New Zealanders.
- Safety, health and wellbeing of our people.
- People capability.
- Volunteer and brigade resilience.
- Incident management.

Whakaratonga iwi.
Serving our people.


NEW ZEALAND
FIRE SERVICE
NATIONAL
RURAL FIRE AUTHORITY

Transition to Fire and Emergency New Zealand

Establishing a unified fire service for the 21st century.

One of the key priorities for the New Zealand Fire Service Board in 2016/17 was ensuring the successful transition to Fire and Emergency New Zealand on 1 July 2017. This involved the amalgamation of the New Zealand Fire Service, the National Rural Fire Authority (NRFA) and 38 Rural Fire Authorities (RFAs) into a single, unified organisation. The decision for this change in structure followed two comprehensive reviews of the fire services undertaken between 2012 and 2015, extensive consultation with stakeholders, and wide agreement on the type of fire and emergency services that are needed in New Zealand and how they should be supported and funded.

Work on the transition to Fire and Emergency New Zealand (the Transition) commenced in April 2016 with the establishment of a dedicated Transition Project team. The work of the Transition Project was overseen by the Transition Committee, a sub-committee of the New Zealand Fire Service Commission Board.

The Transition Project successfully achieved its two objectives for 2016/17:

1. Establishment of Fire and Emergency New Zealand by 1 July 2017, including all of the immediate requirements of the Fire and Emergency New Zealand Act 2017.
2. Design of what Fire and Emergency New Zealand will look like beyond 1 July 2017 and the plan to create this vision.

There was a strong emphasis on ensuring that key stakeholders and personnel were engaged in the Transition representing all parts of the sector – urban, rural, career and volunteer.

Outputs and measures to meet these objectives were set out in a 2016/17 Memorandum of Understanding (MOU) between the Minister of Internal Affairs and New Zealand Fire Service Commission Board. Among the measures, 19 of 21 were met by 30 June 2017, while the remaining two were adjusted because more appropriate deliverables were identified.

Funding to support transition activity was successfully secured in 2016/17. The Government agreed to up to $112 million over four years to allow Fire and Emergency New Zealand to embed all of the requirements of the Fire and Emergency New Zealand Act, creating a single, unified organisation. This funding is to be repaid over 10 years. The Government also agreed to $191 million in new funding over four years to, in the main, provide support for volunteers and address gaps in investment between the urban and rural fire sectors.

Throughout 2016/17, the Transition Project worked closely with the Department of Internal Affairs to support the development and progress of the Fire and Emergency New Zealand Bill. The Fire and Emergency New Zealand Act 2017 received Royal Assent on 11 May 2017 and provided the mandate for establishing the new organisation and the functions it will deliver.

Over the past 12 months, a significant amount of work and activity to support the Transition has been delivered given the scale and complexity of this work. This positioned the project well to ensure the successful transition to Fire and Emergency New Zealand and to lay the foundations for its effective operation from 1 July 2017.

Day One of Fire and Emergency New Zealand

The focus for Day One of Fire and Emergency New Zealand was on ensuring:

- the safety, health and wellbeing of our people
- the ability to respond on Day One
- Fire and Emergency New Zealand personnel knowing who they report to
- Fire and Emergency New Zealand personnel being paid
- the reputation of the fire services being maintained.

To successfully deliver on these, transition work was guided by a Day One Blueprint, which provided a high-level description of what the Board intended the new organisation to look like on 1 July 2017 and the focus for Day One. It specified that the change for Day One needed to be realistic and pragmatic, and that transition to the new organisation should be underpinned by extensive communications and stakeholder engagement, both internally and externally.

The Transition Project reached 30 June 2017 on track and budget, with no significant risks or issues for Day One. In line with the Day One Blueprint, key achievements in 2016/17 to support the Transition on 1 July 2017 included the legal transfer of personnel to Fire and Emergency New Zealand, developing the identity and brand for the new organisation, establishing an agreed policy and approach for how command and control response will work from Day One, authorising approximately 13,000 operational personnel to carry out the necessary functions required for their role from 1 July 2017, and determining the formal arrangements that need to be in place across the sector to ensure fire and emergency services are maintained.

Leading our people through change and working with the sector

A significant focus in the period up to the establishment of the new organisation was leading people effectively through the Transition, and ensuring personnel were aware of the proposed changes and what they meant for them. Critical to this was ensuring that leaders were appropriately equipped and empowered to provide their people with information on the Transition, had plans in place to lead them through the change and to support the creation of the new organisation, and had the necessary support and authority to take on their own new responsibilities.

Specific activity to support this included:

- dedicated Leading through Change forums in Auckland and Wellington in February and March
- over 200 leader-led discussions across the country to brief leaders and the workforce on Day One readiness and their key responsibilities
- establishment of an organisational Change Support Network to support leaders and share information on key changes
- targeted training for specialist roles
- dedicated briefing sessions for leaders and personnel in preparation for Day One of the new organisation.

A key commitment of the Day One Blueprint that was also critical to the successful transition to the new organisation was a dedicated focus on working closely with the sector to co-design the new organisation, and ensuring ongoing and proactive engagement with unions, associations and officials.

Planning for Phase Two – the Integration Phase

Day One of Fire and Emergency New Zealand on 1 July 2017 will not mark the end of the Transition. The scene is set for Fire and Emergency New Zealand to strengthen its ability to serve communities, but it will take several years to fully achieve this as the organisation moves from amalgamation, through integration, to a fully unified organisation.

The Board has established three phases to build the required systems, processes, culture and capabilities through the transition programme: amalgamation to 1 July 2017, integration to July 2020 and unification from 2020 onwards.

The Fire and Emergency New Zealand Blueprint sets out the organisation's work programme for the integration phase and the activities required to integrate the organisation's rural and urban systems, processes and tools, to build a single organisation and lays the foundations for unification. It also outlines the benefits that will flow from this to successfully deliver the objectives and outcomes expected by the Board, the Government and the Fire and Emergency New Zealand Act.

It is expected that the Fire and Emergency New Zealand Blueprint will be updated over the next three years as new information, challenges and opportunities arise.


FIRE
EMERGENCY
NEW ZEALAND
WHAKARATONGA IWI

Our virtual reality *Escape My House* experience places the user inside a real house fire. It's frightening, and it's real.

Safety of New Zealanders

One of our key priorities continues to be ensuring the safety of our people and all New Zealanders. It is the basis for all that we do, and it informs all of our activities and decisions. We strive to raise awareness of the risk of fire and to influence behaviour in a way that reduces the incidence of fire. We use a number of methods to promote fire safety, including innovative advertising campaigns and, increasingly, high-profile social media exposure to raise awareness.

Fire risk management

Safer New Zealand Fire Risk Reduction and Prevention Plan

In 2014/15, we developed a new Safer New Zealand Fire Risk Reduction and Prevention Plan and this continues to provide guidance on the delivery of our fire risk initiatives. This plan unifies the reduction and prevention plans for all fire agencies across New Zealand by ensuring that we focus our efforts on the most at-risk groups and better target our efforts to have the most significant impact on risk reduction. We revised and continued to implement this plan in 2016/17.

While continuing our wide range of education programmes, we improved the ways in which we evaluate our activities to more accurately assess what return we are getting on our investment. Further evaluation will enable us to prioritise the funding of fire reduction and prevention initiatives according to risk, and to better predict the value of their outcomes.

Fire Awareness Intervention Programme

Our Fire Awareness Intervention Programme (FAIP) is an education programme that is delivered by trained firefighters to children and young people (5–17 year olds) who have been exhibiting unhealthy fire-lighting behaviour. During 2016/17, we delivered this programme to 451 children and young people, which was up from 409 in the previous year. Our current five-year average is 445. Most requests for FAIP interventions come from families, schools, social agencies and New Zealand Police Youth Aid. The number of interventions significantly increases in areas where we strongly promote FAIP.

The programme has a 90% success rate, with 10% of participants continuing to light fires and needing to receive further interventions. Since its inception in 2006, more than 13,200 children and young people have completed the programme.

Safer buildings

The public often associates our work with fighting fires. Behind the scenes, our specialist teams ensure that the buildings people live and work in are as safe as possible. Our fire investigations not only determine what causes fires but also how building designs, construction materials and fire protection systems perform in fire. This information is fed back to the respective industry groups to constantly improve fire safety in New Zealand.

We provide day-to-day advice to building owners on safety issues and concerns, and also provide councils and other regulatory authorities with specialist advice. Our advice in specific areas of evacuation planning and regulatory compliance ensures that the built environment continues to be a safe environment.

Evacuation schemes

We process evacuation scheme applications and assess them against the Fire Safety and Evacuation of Buildings Regulations to ensure that building owners and managers have established suitable safety processes and procedures in case of a fire emergency. During 2016/17, we processed a total of 4,849 evacuation scheme applications, which is a 3.7% increase on the previous year. In total, 99.8% of these applications were processed within the legislative timeframe of 20 working days.

We have developed and published a number of publicly available resources over the past year aimed at helping to reduce the number of declined applications and rework. This is starting to have an impact, with the overall number of declined applications falling by 5% in the last quarter of the year.

Comprehensive review of building fire safety legislation

We have been actively involved with the Ministry of Business, Innovation and Employment (MBIE) projects to review and update building fire safety legislation. Broad industry consultation identified 14 critical areas to improve the legislative framework we are contributing to. This year, we developed and

released for consultation a Design Guide for Fire Safety: 'Residential Community Housing'. This design guide recognises the differing needs of occupants and provides for a gradual increase in the levels of fire safety systems that is aligned with occupancy needs. It will significantly improve the safety of occupants whilst increasing flexibility and minimising compliance costs for providers of community housing.

Fire engineering briefs

We have been actively involved in predesign meetings known as Fire Engineering Briefs (FEBs). These meetings give us the opportunity to have early input into a proposed building design. During 2016/17, we contributed to 258 FEBs. We actively encourage industry to utilise the FEB process more frequently as it is an effective way to ensure that all parties from designer to end user are engaged in the process of achieving safer and more versatile buildings, minimising the need for costly rework.

Design review function

During 2016/17, we undertook 935 reviews of building consent applications and provided advice to the respective Building Consent Authorities within the legislative requirement of 10 working days.

Over the past five years, the number of reviews undertaken has trended steadily upwards, with more than a 100% increase over that period.

Safer homes

Research has told us that the New Zealand public responds most effectively to fire safety advice provided directly by our firefighters. Our home fire safety visit programme targets direct engagement in the homes of our at-risk groups to provide safety advice and, in many cases, the installation of smoke alarms to provide early warning of fire to occupants. During this year, we visited 5,175 homes to provide this service.

Legislative change advocacy

The legislative and regulatory framework for fire safety is complex. It is made up of multiple Acts, regulations and tertiary instruments. The service provider industry is large and diverse, encompassing professional engineers, designers, equipment and product suppliers, installers, and certifiers.

No single organisation is responsible for the legislative and regulatory framework for fire safety, but the leading organisations in the sector play an important role in promoting and supporting its development.

Among the lead government agencies in the sector, we have the broadest mandate and most comprehensive view of fire safety outcomes, positioning us well to play a key leadership role in shaping the legislative and regulatory framework. This is an important element in fulfilling our overarching goals.

In addition to supporting MBIE with its comprehensive review of building fire legislation, we have actively sought to influence change in other regulations that significantly impact on fire safety.

Flammability of Furnishings Regulations

The flammability of modern furnishings contributes to rapid fire growth, resulting in fire damage, injuries and fatalities. During the year, we continued to advocate (through research, data and support) for regulating the flammability of furniture. We worked closely with MBIE and provided a live fire demonstration to the Minister of Consumer Affairs.

We continue to work with and provide advice to Standards New Zealand to ensure that fire risk reduction remains a focus of new and revised standards to promote safer communities.

Fire fatality trends

There were 14 avoidable[3] residential fire fatalities in 2016/17 compared with 18 in 2015/16. This equates to 0.30 fatalities per 100,000 population, which is below the expected rate of 0.45 per 100,000. Six of these deaths occurred in homes with no working smoke alarms, three of which were in rental properties that did not comply with the smoke alarm requirements of the Residential Tenancies regulations. In the cases where there was a working smoke alarm, the alarm was not in the same room as the person and failed to alert them to the developing fire. One family of four died from a fire in their two-storey house, which had a single smoke alarm located downstairs.

avoidable[3] residential **fire fatalities in 2016/17**

were in locations with **no working smoke alarms**

[3] 'Avoidable' refers to fire fatalities that occurred in residential accommodation where the provision and/or application of effective education, engineering or enforcement initiatives could have prevented loss of life.

Contestable Research Fund – basing interventions on evidence

The Contestable Research Fund supports research to inform improvements in many of the activities we undertake.

During 2016/17, the following reports relating to fire risk management were published:

- *Assessment of impacts of change for requirements for hand-operated fire-fighting equipment in non-residential buildings.*
- *Building quality working relationships across the emergency services sector.*
- *Scoping principle factors and parameters to include in an environmental stewardship model for firefighting in New Zealand.*
- *Environmental criteria in fire-fighting – review and comparison of legislative, policy and operational environment for NZFS and overseas counterparts.*
- *Environmental assessment of existing fire-fighting foams in use by New Zealand Fire Service.*

Research on sustainable behaviour change for 'at-risk' groups will be published in 2017/18.

Public education

Public awareness campaigns

Escape My House and Escape Planner Tool

The primary goal of our public awareness campaigns has been for New Zealanders to check that they have smoke alarms and they are working properly. During 2016/17, we augmented this message by including the need for a planned escape route from fire. This focus was chosen as a direct result of fire knowledge and insight surveys, which showed that a large number of New Zealanders believed that an escape plan was unnecessary or was simply an instruction to get out. The continuing challenge with these types of fire awareness campaigns is human denial: "Fire is bad but it won't happen to me".

Our approach is designed to take people on a journey from activation of the smoke alarm to ensuring the safety of their family and friends by checking that everyone has a planned escape and agreed safe meeting place so that no one is left behind. We have structured our messaging to reinforce that fires do happen to people 'like me' and then to motivate them with the solution (e.g. working smoke alarms and an effective escape plan).

'Escape My House' is a virtual reality experience that places the user inside a real house fire and challenges them to make a safe escape. Upon completion, they are redirected to the Escape Planner Tool, which allows them to make a bespoke escape plan for their own home with the ability to set reminders to practise the plan and check smoke alarms.

The campaign launched over a five-day period across digital, TV, social and radio platforms. In the first week, it reached more than 4.6 million people digitally and 1.0 million people via TV channels. More than 126,000 people completed the experience in that timeframe. Our ongoing relationship with Neighbourly proved to be an extremely valuable partnership, extending our reach to over 270,000 households. The Neighbourly private message elicited a strong response, with a 38% click-through rate and close to 3,000 private message responses.

Check It's Alright

The 'Check It's Alright' summer fire safety campaign was the result of a partnership between the NRFA, Department of Conservation (DOC), New Zealand Defence Force (NZDF) and Forest Owners' Association. Previous campaigns featured the animated character 'Bernie' with the tag line 'C'mon, Keep it Green' and the familiar segmented Fire Danger sign.

The new campaign used an emotive storyteller approach, focusing on real people and the impact fire has had on the land and their lives. A new standalone website was developed to provide easy access to information about the fire season status and contact details for more information. The campaign incorporated advice, information and education about the fire season status, fire risk conditions and the need for a fire permit. Next steps will see the campaign being extended to run year-round with additional rural-related safety messages.

Fast Fire Facts

'Fast Fire Facts' is an integrated national radio and social media campaign that was filmed and recorded at Mangere fire station and involved firefighters from across the country. Video clips were recorded in both English and Te Reo, and feature quick snippets of fire safety messages such as the disposal of hot ashes, chimney cleaning and clothes dryer safety. The suite of messages will be built on in the coming year and will allow highly agile targeting of social media messages that are appropriate to national events.

By moving to a national promotional purchasing schedule, we saw awareness of our radio advertising jump from 10% in December 2015 to 17% in December 2016.

Daylight Saving

This year, we partnered with The Warehouse, Mitre 10 and Grab One to offer reduced-price smoke alarms during Daylight Saving Weekend. Since cost has been indicated as the primary reason for people not having a smoke alarm in their home, this was a great achievement. For the first time, we successfully placed point-of-sale advertising in The Warehouse, replicating the 'Smoke Alarms Are Your Only Voice' message from the ongoing campaign.

Education programmes

Get Firewise

We are seeing good results from the 'Get Firewise' education programme for Year 1 and 2 school children. Our Fire Knowledge and Communications Survey consistently shows that three out of four school children are able to recall that they have taken part in a 'Get Firewise' programme. We have maintained our activities in getting these programmes into schools and supporting the education delivered by teachers with firefighter visits – which are always a highlight.

We continue to provide an overview of and introduction to our school programmes in all career firefighter recruit courses, and have developed a specific training programme to support the delivery of school programmes across New Zealand. An internal review of the programme is scheduled to ensure that there is total alignment of risk reduction messages across the urban and rural sectors, and to identify opportunities for reinforcement of the key safety messages throughout the school education journey.

Stakeholder and community engagement

National Volunteer Week

We recognised the contribution of our volunteers through a nationwide campaign during National Volunteer Week in June 2017. The 'Cheers to the Volunteers' campaign featured urban and rural volunteers from Northland and Southland brigades, and highlighted the diverse roles of our volunteers – firefighters, medical responders, and operational and administration support.

The campaign was advertised across 24 national and local newspapers to reach 1.2 million New Zealanders. Digital content also performed well, with more than 870,000 views of our Neighbourly content, and the campaign receiving more than 12,000 likes through Facebook and attracting more than 500 comments thanking volunteers for their service to the community.

Survey results for the April–June 2017 quarter revealed that 'Cheers to the Volunteers' had a strong recall amongst New Zealanders and a large impact on long-term attitudes, with more New Zealanders wanting to show their appreciation to our volunteers.

Community events

Polyfest, the annual Auckland Secondary Schools Māori and Pacific Islands Cultural Festival, is the largest Polynesian festival in New Zealand. In 2017, we delivered live kitchen fire demonstrations in three Polynesian languages and English, along with other specific fire safety messages in Polynesian languages.

The crowds attending the Waitiangi Day and Te Matatini festivals were able to take part in the first trials of our new virtual reality tool 'Escape My House', prior to its public launch. Those who took advantage of the experience were given a whole new perspective on the speed of fire and left feeling motivated to make an escape plan for their home.

Reducing arson

A sustained campaign to help schools address the issue of arson has seen a continued reduction in deliberately lit school fires by about 50% compared with years prior to the campaign starting. It is estimated that this has saved an average of $18 million per year in replacing damaged school buildings.

Working safely in and around water is one of our critical operational safety risks.

Safety, health and wellbeing of our people

The safety of our people, as well as the public, is kept foremost in our thinking. The nature of fire and emergency services dictates that we must maintain the very best standards in safety management both on and off the incident ground. To do this, we must continue to build a strong culture in which all of us take responsibility for our own safety, health and wellbeing, and that of our colleagues.

We were well prepared for the enactment of the new Health and Safety at Work Act 2015 (HSWA) in April 2016 and continued to engage extensively with personnel throughout 2016/17 on the implications of this legislation. This included ensuring that our senior leaders recognised and understood their new 'officer' duties under the HSWA. We take seriously our responsibility under the law and the investment in training we make to ensure that workers are given "the highest level of protection against harm" to their safety, health and welfare.

Physical safety focus

Identification of critical operational safety risks

Our critical risks were identified through the analysis of data, discussions with operational leaders and the alignment of workplace challenges with the expectations and direction of the HSWA. These risks are critical to us because of their potential to cause serious injury, illness or even death, and cannot be eliminated from our working environments. They relate to physical safety, work-related health and psychological wellbeing, reflecting the depth and breadth of our responsibilities.

Top 10 critical risks

- Working in and around:
  - moving vehicles, including aircraft and heavy machinery, and responding under lights and sirens
  - fire and explosive materials
  - hazardous substances, including the storage and transport of bulk flammable liquids
  - heights
  - water and hazardous weather conditions
  - objects and structures that are unstable underfoot and overhead, including confined spaces, and hazardous trees and vegetation.
- Irrespirable and absorbable pathogens and carcinogens.
- Acute and post-traumatic psychological stress and illness.
- Cardiovascular disease associated with sudden responses, working in heat or sustained physiological loading and shift work.
- Fatigue associated with sustained, prolonged physical and cognitive effort, including driving.

Improvements in contractor monitoring processes

Our monitoring processes have been extended so that we can effectively demonstrate how we cooperate, coordinate and consult with the contractors we engage with or work alongside to manage their safety, health and wellbeing. New procedures have been trialled during several national contract negotiations to help select and evaluate responses to tender documents, risk assessment and monitoring. This aligns our procurement processes more closely with the HSWA. We recognise that contractor evaluation, selection and monitoring in the rural firefighting space has high risk implications and so this is a particular focus in the transition to Fire and Emergency New Zealand.

Other emerging risks based on event data analysis

Data obtained from reviews of Level 1 and 2 event reports[4] over the past two years have allowed potential emerging safety, health and wellbeing risks to be identified by examining the causes of events over time and across regions (e.g. working around electricity). These emerging risks are considered in addition to the critical risks already identified.

[4] All reported accidents and near miss events are required to have a Level 1 investigation. A Level 2 investigation must be conducted for all serious accidents or near misses and where a notifiable (to WorkSafe New Zealand) injury or illness has occurred.

Work-related health focus

Workplace Carcinogen Exposure Project

The Workplace Carcinogen Exposure Project has focused on respiratory protection and particularly the introduction of Air Purifying Respirators (APRs). These are worn primarily in the overhaul phase of firefighting when breathing apparatus can be dispensed with. APRs and canisters have been supplied to all urban stations and brigades alongside training on wearing them and instruction on the circumstances in which they can be safely used. Because the APR masks are negative pressure, a close-fitting face seal is required. All urban firefighters will be undergoing a face-fit test to identify those who are unable to wear the standard mask size, following which appropriate-sized masks will be provided.

Exhaust fume management

The National Vehicle Exhaust Fume Management Programme is a five-year rolling programme of work that was developed to reduce firefighters' exposure to carcinogens and other harmful substances that are associated with exhaust fumes when operating fire appliances within appliance bays. We made good progress this year and are ahead of schedule, with another 67 urban volunteer fire stations having exhaust fume equipment installed.

Of the 439 urban fire stations that make up our property portfolio, 220 (50%) now have exhaust fume management equipment installed that meets appliance bay ventilation requirements. Having procured a national installation provider, the remaining 219 urban volunteer fire stations are expected to have exhaust fume management equipment installations completed in advance of the 2020 programme timeline.

Hauora health monitoring programme

A national report on the health status of all those who take part in the voluntary Hauora health programme was received for the first time in 2016. This report for January to December 2015 profiled the health of 4,596 personnel. The cardiovascular disease risk figures were concerning. Among those monitored, 9% were at high risk and 2% were at significantly high risk of a heart attack or stroke within the next five years, and the average heart 'age' of our personnel (50 years) was four years above their average actual age (46 years). Results were very similar for career personnel and volunteers.

Psychological wellbeing focus

Rollout of the 'Staying Well' Critical Incident and Personal Stress Support programme

Rollout of the Critical Incident and Personal Stress Support (CIPSS) awareness programme has continued across all regions of the organisation. To ensure that all firefighters receive this education, two modules and a DVD have been placed on our Learning Station online platform. One module is a compulsory Station Management System (SMS) task to be completed by all personnel. This e-learning is not a replacement for face-to-face visits with brigades, which will continue.

Regional peer support activities are now being reported for the first time on a quarterly basis and forwarded to National Headquarters for collation and analysis. This information will provide a more informed evaluation of which incidents require further psychological wellbeing support.

Aligning regional psychological support initiatives with the CIPSS framework

A number of psychological support interventions have been provided around the country in response to the increased stress being experienced by some firefighters, particularly in relation to medical response incidents. We have worked to ensure that there is broad national consistency in these local initiatives.

Planning for expansion of psychological support services to volunteers

Existing health and wellbeing services within the Fire Service have been documented to inform the enhancement of services and to extend them where needed to rural firefighters in an equitable manner. By 30 June 2017, arrangements were in place to ensure that all volunteers can access employee assistance programmes. Further, while a few rural firefighters have had access to peer support in the past, this will be made available to all through expansion of the CIPSS programme.

Keeping safety at the forefront

Safety, Health and Wellbeing Strategy

A new Safety, Health and Wellbeing Strategy (2017–2022) has been developed to provide direction and a solid foundation for the next five years. The objective of this strategy is to build a mature and sustainable learning culture that places people at the centre of the organisation and effectively manages the range of workplace safety, health and wellbeing risks they encounter.

This strategy represents a change in focus so that we can learn from the things our people do well most of the time, as well as the fewer times when injury, illness or near miss events occur. We are placing a focus on lead indicators or measurements of positive outcomes and behaviours, supported by additional resources across the wider organisation to understand and support safe and healthy adaptability to changes in our dynamic working environments.

Up-skilling on health and safety duties for 'officers' under the HSWA

Our senior leaders recognise and understand their responsibilities as 'officers' under the HSWA, including the "principle that workers and other persons should be given the highest level of protection against harm to their health, safety and welfare from hazards and risks arising from work". As 'officers', they participated in a number of workshops during the year to ensure their understanding of their responsibilities across the Fire Service.

Workshop discussions led our senior leaders to formally acknowledge in our newly developed Safety, Health and Wellbeing policy that the safety, health and wellbeing of personnel is the 'first operating principle that guides all their decisions'. "Nothing is more important than our people" is the opening line of the new policy, demonstrating the central importance our senior leaders place on the safety, health and wellbeing of all personnel.

Volunteers being put through their paces at our National Training Centre in Rotorua.

People capability

The capability of our people is fundamental to reaching our goal of a fully unified fire and emergency service. To build that capability, we invest heavily in training, development and leadership to ensure that our skills are up to the challenges that face our organisation. Without a commitment to capability growth, we would not be able to deliver the required services that protect our communities throughout the country. Each day, New Zealanders rely on more than 11,290 volunteer and 1,730 career firefighters to protect them and their property.

Training

Training is critical to the development of our organisation's capabilities. During 2016/17, we delivered more than 1,500 training courses to more than 13,000 firefighters and officers. This included providing training and support for two Pacific Island nations and Antarctica New Zealand. These training courses are in addition to the on-the-job training, and online and distance learning that take place every day in fire stations across the country. Training, and reinforcement of that training, remain essential components of developing operational and leadership skills, and embedding safety standards to ensure that we are well equipped to keep our people and all New Zealanders safe.

As we move towards a fully integrated Fire and Emergency New Zealand, we are focused on ensuring that our learning and development methods continue to meet the needs of all fire and emergency personnel. In the last 12 months, we have continued to expand the number of online learning modules and case studies we offer, whilst maintaining the ability to manage demand for the wide range of courses we already run throughout the country.

Training programmes

Our Training and Progression System (TAPS) programmes provide our people with the core technical and leadership skills they need to undertake the diverse range of activities we encounter every day. To ensure that our training remains current and relevant, we have redeveloped all or a component of each of the five programmes within TAPS (the entire volunteer qualified firefighter and station officer programmes, and components of the career senior firefighter, station officer and senior station officer programmes). The officer programmes were developed in partnership with external subject matter experts and focus on contemporary leadership theory and its application within our workplace environment.

Leadership

Our Executive Officer Strategic Command course focuses on strengthening the strategic capabilities to lead large-scale, multi-agency, long-duration incidents. During 2016/17, one course was held with attendants including personnel from partner agencies and other emergency service organisations across New Zealand and Australia.

Our Tactical Command courses have proven to be a valuable and successful intervention, focusing on improving leadership understanding, skills and confidence for our mid-level officers. These courses are designed to upskill officers' on the ground incident command and leadership skills, whilst also providing them with opportunities to learn, practise, examine and challenge their own leadership and control of operations in a safe to fail environment. We have also developed a delivery format that best meets the needs of volunteers, which includes an online case study and simulated scenarios tailored to their respective environments.

Volunteer support

In response to demand, an initiative was run over the last 18 months that saw more trainers being engaged to improve the level of support available to volunteer brigades. The additional trainers have helped to provide much needed pre-course support for recruits, senior firefighters and officers, resulting in a higher level of confidence and skills among those attending career progression courses. The success of this initiative will see an additional 12 trainers being deployed to the regions during the next financial year.

During 2016/17, we delivered more than 1,500 training courses to more than 13,000 firefighters and officers.

Pacific Islands Emergency Management Alliance

The Pacific Islands Emergency Management Alliance (PIEMA) was established in 2013 to strengthen preparedness and response capacity in the Pacific region, and to build on existing arrangements between fire and emergency services in the Pacific Islands and AFAC member agencies. We agreed, as part of the AFAC agreement, to support the Cook Islands and Niue.

During the year, we hosted four firefighters on the volunteer recruit courses, two from the Cook Islands and two from Niue. We also sent two trainers to Niue for two weeks to conduct training in:

- water application and tank capacities
- live fire and firefighting
- breathing apparatus
- road crash rescue
- fire risk management and fire education delivering to a school and community group.

Our trainers also worked with the Niue Government to prepare risk plans. They also conducted full testing and maintenance of their breathing apparatus sets, and all other operational equipment carried on their appliances.

Antarctica New Zealand

We have a long-standing MOU to provide fire and emergency training to those who work in the Antarctic. During the year, we updated the MOU to reflect the increasing needs of the Antarctica Fire and Rescue training programme and the international interest it holds. In one of the most remote and challenging environments in the world, this training programme is designed for staff to be able to deal with any emergency specific to their actual risk.

We provided training to all full-time Scott Base staff before they were deployed to the Antarctic followed with consolidation training at Scott Base, and the checking and testing of their equipment and systems. We provided training for the senior leadership team to manage large scale and long duration emergency incidents – and all contractors, scientists and visiting staff were also trained to use extinguishers throughout the year.

Leadership Blueprint implementation

In 2015/16, a Leadership Blueprint was developed that details a pathway and work programme for developing and sustaining the leadership culture we are seeking to create. The work it identifies is based on a solid foundation of incident and operational leadership and is also time critical – the establishment of Fire and Emergency New Zealand and its integration will require strong internal leadership.

Early in 2016/17, we agreed on seven key deliverables and areas of investment over the next few years to support implementation of the Leadership Blueprint:

- Leadership reference group – a group of up to 20 people representing different populations across the organisation who meet quarterly to provide the voice of the organisation and champion the work we do.
- Mind tools – an online learning platform that provides all our people with access to over 2,400 resources on leadership, management and personal effectiveness.
- Role transitions – support to help our people successfully transition into leadership roles across the organisation. These focus on the mind-set change, new skills and new relationships that are required to successfully induct and bring on-board someone into a new opportunity.
- Leadership qualities, behaviours and expectations – definition of what we want leadership to look like based on a series of consultative meetings across the organisation. This process will help us to have great conversations with our leaders and provide direction for the design of our Leadership Development Framework.
- Leadership development programmes – a series of programmes that will provide a solid foundation of learning to enable the development of our leaders. These will span the organisation and be broken down into programmes for strategic, senior, team and emerging leaders.
- Leadership forum – an opportunity to bring together our leadership population and embed key frameworks and directions to set shared expectations of leadership and create a sense of community amongst our leaders.
- Volunteer Leadership Development project – a project that develops the facilitation skills of local leaders to enable learning and networking sessions for volunteer and emerging leaders that is designed to be as volunteer friendly as possible.

The following initiatives were implemented during 2016/17 to work towards these deliverables:

- Establishment of the leadership reference group.
- Launching of Mind Tools in June 2017.
- Delivery of the first of a series of critical role transition induction guides (e.g. Regional Manager Rural and Principal Rural Fire Officer) that will better support leadership role transitions and accelerate performance in role.
- Engagement of a preferred provider to design the Strategic and Senior Leader programmes, with co-design conversations well advanced. The Strategic Leaders programme will commence post the establishment of Fire and Emergency New Zealand, shifting delivery of the programme to 2017/18.
- Completion of an evaluation of the Volunteer Leadership Development pilot, delivered in Region 2. Planning is now underway to implement this in Regions 4 and 5.

Training is integral to achieving these deliverables to ensure coherence in our shared approach to leadership development. Specifically, work has been undertaken to strengthen the design and content of leadership aspects of the TAPS courses (Station Officer and Executive Officer), with the next round planned for the first quarter of 2017/18.

Career Board

We maintain a strong focus on attracting, retaining and promoting good leaders. To manage the critical role risk, our Career Board succession programme continues to develop leaders with high levels of potential for senior operational leadership positions in the Fire Service.

In 2016/17, a cohort of 50 high-potential officers participated in the Officer Career Board, which includes four development streams: coaching, mentoring, action learning in groups and self-directed learning.

An evaluation of the first year of the programme found that 94% of officers who participated felt more equipped to take on executive officer roles. In particular, participants experienced greater self-awareness, improved relationships and networking, and a feeling of preparedness for more senior positions.

With a significant focus on continual improvement, our Career Board model has evolved and been refined over the past four years. This year, we visited Fire and Rescue in New South Wales, Australia, to share the successes and learnings of our Career Board model, leading to interest being expressed in us guiding the planning and implementation of their own Career Board model.

Australasian Fire and Emergency Services Authorities Council programmes

To foster networking with other emergency sector leaders and broaden the perspective of our leaders, our high-potential officers and executive officers participate in the suite of Australasian Fire and Emergency Services Authorities Council (AFAC) leadership development programmes that are offered through the Australian Institute of Police Management.

In 2016/17, our people took part in the following opportunities:

- Three executive officers participated in the Executive Development and Executive Leadership programmes co-ordinated by AFAC in Manly, Australia.
- Two female career officers attended the Balance Programme run by AFAC for women in emergency leadership.

Progressing diversity

The communities we serve are diverse and so we want to become an organisation that reflects this diversity. This means that we need to work to change perceptions that the firefighter role is masculine, within both the organisation and the communities we serve.

Our work in this area continues to focus on supporting women in operational roles, who are significantly under-represented in our organisation. Women make up 51% of the wider population, yet only 3.5% of our career firefighters and 15.9% of our volunteers are female. This is why we have made a deliberate choice to continue to focus our efforts on the recruitment and retention of women.

In the future, we will be operating in a dynamic risk environment. Response to fire will be a small percentage of our work, requiring us to shift from a 'response' culture to a 'readiness' culture that can operate in an agile way and be more proactive to support resilience in the communities we serve. Diversity in our people allows us to better respond to these needs. Diverse perspectives and experiences facilitate innovation, enable communication with diverse community groups and promote better assessments of risk.

Supporting career and volunteer women in fire and emergency services

Our work to attract, support and retain women in operational roles has continued throughout 2016/17. As with any change programme, we have yet to see sustained improvement in the proportion of women joining, staying and progressing in our organisation. However, our work has created a platform for future improvement, and we are starting to see more women seeking and attaining operational leadership roles.

During 2016/17, we:

- established a national advisory committee of female firefighters to ensure that the voice of women in operational roles can be heard at the national level and development work is targeted at their needs
- engaged with strategic and operational leaders to support the formation of regional support networks, and started to set up women's forums and networks around the country
- committed to this programme of work by making the National Advisor Women's Development role a permanent part of the organisational structure, with a dedicated budget for project work
- supported initiatives to give women in operational roles the opportunities for professional and leadership development
- raised the public profile of women in operational roles by contributing to external media items
- investigated and created material to promote respectful and inclusive language, and tested ideas for unconscious bias training
- developed recruiting material that targets women as well as other diverse groups.

Our recruitment activities have continued to sustain the number of career female firefighters being recruited. Trialling a different approach to the application process and the production of new material that helps applicants to be better prepared for testing have seen improvements. More women are staying in the process through to the physical testing round, which is a change from previous years (i.e. proportionally more women attempt the test) and women are coming

into the physical tests being better prepared. However, an increase in the total number of women taking the test (to increase the number of female recruits) has not yet been realised. As at 30 June 2017, approximately 12% of career recruits were female, which is a similar percentage to the last financial year. We are also progressing our review of career and volunteer recruitment processes to create 'fit for purpose' procedures and promotional material.

Kaupapa Māori/Māori initiatives

Tēnā koutou i roto i nga tini āhuatanga o te wā. The platform for Kaupapa Māori in our organisation is two-fold in that our work is both internally and externally driven.

Internally, our organisation wants to reflect the communities that we serve and so we aspire to have more people in our organisation who identify as Māori. To support this goal of recruiting and retaining Māori in the organisation, we have:

- promoted the recruitment of career and volunteer firefighters amongst Māori communities at large events such as Waitangi celebrations, Te Matatini national kapa haka festival, iwi festivals and through national Māori media outlets
- established regional Māori focus forums to plan, deliver and measure the success of Kaupapa Māori initiatives
- provided the annual Dr Sir John Te Ahikaiata Turei Memorial Grant to increase the quality and quantity of Māori language speakers in the organisation – this recognises te reo Māori as a taonga that is important to our country, to our organisation and to Māori personnel
- monitored feedback from Māori staff in relation to the cultural impacts of a firefighter's ever-changing role in terms of the increased exposure to tūpāpaku or death
- maintained strategic relationships to ensure that we support the Crown's commitment to partnership with iwi and give consideration to what is important to iwi.

Externally, Māori continue to be negatively affected by fire at a disproportionate rate. While Māori may be recorded as being injured by a fire event, the treatment to see noticeable change lies in a multi-agency and community approach. Social factors outside the influence of our organisation significantly increase the risk of Māori being injured or dying by fire. As a result, we have:

- developed and maintained relationships with community stakeholders (local and central government agencies, marae, kaumātua, iwi, hapū, kōhanga reo and kura kaupapa Māori)
- delivered our services in te reo Māori in Māori-speaking communities
- managed the delivery of our Māori language pre-school and school fire safety programmes – 'E Puta! E Noho ki Waho!' and 'Māui Tinei Ahi'
- facilitated our organisation's access to iwi leadership, particularly the Iwi Chairs Forum
- maintained a close working relationship with the New Zealand Police Iwi Liaison team.

Pasifika initiatives

The platform for Pasifika in our organisation is also both internally and externally driven.

Internally, 1.2% of personnel and 4.4% of career firefighters identify themselves as Pacific peoples. For this figure to reflect the communities we serve, we aspire to have more people in our organisation who identify as Pacific peoples.

We work closely with Pacific Island communities to deliver fire safety messages through the Afi Pasefika group. This group was set up to ensure that we build a network to support our culture, and retain and recruit Pasifika firefighters within the Fire Service. Afi Pasefika is now a significant support network for Pacific Island firefighters in the Auckland region and we are currently working to widen this network in the Wellington region.

During the year, we also:

- promoted the recruitment of career and volunteer firefighters amongst Pasifika communities at large events such as PolyFest and the Pasifika Festival, local community events, and through Pasifika media outlets.
- provided the annual Pacific Islands' languages grant, to enable the Fire Service to work more effectively with Pacific populations and to benefit the personal development of its recipients.

Externally, we have various resources to help deliver fire safety messages to Pasifika communities. These include:

- delivering our services in multiple Pacific Island languages to Pasifika-speaking communities
- delivering fire safety printed material in a variety of Pacific Island languages for Pasifika communities.

Workplace profile

as at 30 June 2017

Table 1 Our ethnicity

	Career	Volunteer	Non-operational
Asian	0.1%	0.3%	3.2%
New Zealand European	70.6%	48.9%	70.9%
New Zealand Māori	11.2%	5.1%	8.4%
Pacific peoples	4.4%	0.6%	1.2%
Other (includes ethnicity not recorded)	13.7%	45.1%	16.3%

Note:

1. Volunteer ethnicity statistics represent only 50% of our volunteers. The rest do not have a declared ethnicity recorded in our Human Resource Information System.

Table 2 Our age and length of service profile

	Average age	Average length of service
Career	45.7 years	17.9 years
Volunteer	43.5 years	10.7 years
Non-operational	47.9 years	10.1 years

Table 3 Our gender profile

	Career	Volunteer	Non-operational
Female	3.5%	15.9%	37.0%
Male	96.5%	84.1%	63.0%

Disabilities

Our workplace profile does not include disabilities because this information is not currently recorded. However, we do make accommodation for those who have physical or psychological disabilities wherever possible.

‘Good employer’ obligations

We are committed to being a good employer, meeting our obligations under section 18 of the Crown Entities Act 2004 and embedding the principles of equal employment opportunities within our policies and practices.

The seven elements of a ‘good employer’ based on the Equal Employment Opportunity Commission’s guidance to Crown entities are:

- leadership, accountability and culture
- recruitment, selection and induction
- employee development, promotion and exits
- flexibility in work design
- remuneration, recognition and conditions
- harassment and bullying prevention
- a safe and healthy workforce.

Information on our obligations as a good employer is outlined in priority sections of the Annual Report, most notably under “Safety, health and wellbeing of our people”, “People capability”, and “Volunteer and brigade resilience”.

Employee representative relationships

This year, we continued to have sound relationships with the United Fire Brigades Association (UFBA), the New Zealand Professional Firefighters Union (NZPFU), the Fire and Rescue Commanders Association (FRCA) and the Public Service Association (PSA). There was considerable potential for these relationships to be tested throughout the course of planning and implementing the Fire Services Review and transitioning to Fire and Emergency New Zealand. Our relationship with the Forest and Rural Fire Association of New Zealand (FRFANZ), as a representative of rural fire forces, is relatively new in the transition context and began in a positive way this year.

The high level of collaboration and consultation throughout the Transition and the ‘co-design’ approach has modelled the desired way for the future, with meaningful engagement and inclusion of stakeholders providing a good foundation for these ongoing relationships. The tangible demonstration of the value we place on these relationships is important to maintaining the good faith (in the broad sense) of the workforce.

Volunteers make up the bulk of our frontline force. We couldn't do it without them.

Volunteer and brigade resilience

Over 82% of our workforce are volunteers. Without their dedication, hard work and community spirit, New Zealanders would not receive the high level of service that they have come to trust and expect.

Supporting volunteer and brigade resilience, as well as recognising the extraordinary contribution our volunteers make in their communities, are essential if fire and emergency services are to be affordable, sustainable and effective across communities and into the future.

We are committed to supporting our volunteers and community-based volunteerism, and look forward to the increased opportunities to better support our volunteers as we transition to the new organisation.

While the total number of willing, competent people who are volunteering with the Fire Service has never been greater, the current volunteer model is becoming harder to sustain in some communities across the country. Societal changes (such as an aging demographic, more urbanised living and evolving work-life patterns), as well as changes in the broader volunteer sector (including a general trend away from the more traditional forms of volunteering on which the Fire Service currently depends) is putting pressure on brigades in some parts of the country. Over the last year, we have put significant effort into providing better support for our volunteers and the community-based volunteer model on which the service relies.

With over 82% of our workforce being volunteers, almost all of our work within the organisation touches our volunteers in some way and can impact on their volunteering experience and the resilience of this vital workforce.

Our approach to volunteer and brigade resilience

With over 82% of our workforce being volunteers, almost all of our work within the organisation touches our volunteers in some way and can impact on their volunteering experience and the resilience of this vital workforce.

During 2016/17, we continued the ambitious volunteer resilience programme, which recognises that supporting volunteers is everyone's responsibility and that simply focusing on providing better support for volunteers is not enough. We also need to focus on enabling a community-based volunteer model that can thrive into the future. This year, the volunteer resilience work programme, which was strongly associated with the work of the Fire Services Review, became closely aligned with and actively contributed to the future-focused work of the Transition Project.

Three key focus areas for volunteer resilience are the delivery of:

- better cross-organisation support for volunteers and community-based volunteerism
- tailored support to brigades
- improved volunteer experiences.

Better cross-organisation support for volunteers and community-based volunteerism

This area of focus will help to ensure that the range of volunteer support activities is tracked, coordinated, strengthened and delivered in a way that works for our volunteers. This work seeks to improve business systems and processes, and to provide an environment in which community-based volunteerism will thrive.

A number of work activities contribute to this area, some of which are outlined elsewhere in this

report (for example the recruitment redesign project). Key pieces of work in 2016/17 included:

- Volunteerism Road Map and Principles
- cross-organisational coordination
- mapping, monitoring and using urban and rural volunteer lifecycle data.

Volunteerism Road Map and Principles

Earlier this year, the Fire Service and Rural Fire Volunteerism Work Group refined the draft Volunteerism Road Map and Principles that had been developed and tested with approximately 300 Fire Service and rural fire volunteers and staff from across the country. These were then incorporated into the Transition Project workstream and used to inform the development of the new organisation, Fire and Emergency New Zealand.

It is intended that the Fire Service's Volunteerism Road Map and Principles will be integrated into the development of Fire and Emergency New Zealand's Volunteerism Strategy once the new organisation has been established. In the meantime, the volunteerism principles have been agreed on and are being used to inform work that impacts on volunteers in tangible and practical ways. For example, the roll out of equipment, setting workplace expectations, supporting localised training opportunities and recognition activities, the co-design of volunteer support guides, collateral and support.

Our volunteerism principles, which have been endorsed by Volunteering New Zealand, are to make it easier to be a volunteer by:

- appreciating that volunteering is always a matter of choice
- recognising volunteers and their employers and families, as well as their contributions
- identifying, sharing and growing what works for volunteers
- involving volunteer perspectives in decision making
- demonstrating openness, transparency and fairness
- operating with mutual trust and respect
- being inclusive and accepting of difference
- being responsive to local needs
- building an environment that enables volunteering to thrive.

Cross-organisational coordination

Establishment of the Volunteer Resilience Steering Group brought Fire Service senior leaders, Transition Project staff and the UFBA together specifically to focus on, review, improve and champion cross-organisational and sector work to support our volunteers and improve their resilience.

Mapping, monitoring and using urban and rural volunteer lifecycle data

Volunteer data, including indicators of volunteer experiences, have been mapped against the volunteer lifecycles within both the Fire Service and Rural Fire. Work to improve the data and monitor changes in the data and volunteer experiences has begun – for example, in terms of recruitment and training course waiting times, administration-related activities and experiences.

A better understanding of volunteer experiences will help us to better target organisational areas for improvement through the volunteering journey, from when someone first becomes interested in volunteering though to after they leave the service.

Tailored support to brigades

The Strategic Leadership Team (SLT) and Board members continued to engage directly with brigades during the year to ensure that the diversity of volunteer voices were heard and understood at the top table. These activities by senior leaders help to enable strategic decision making, allowing our organisation to be adaptable to the brigades' uniqueness, membership and community needs.

In line with this volunteerism principle, volunteer voices were actively sought and incorporated into volunteer and brigade resilience-related initiatives, as well as broader organisational systems, processes and activities. As recommended by the cross-organisational volunteer working groups, volunteer voices were captured through many channels, including engaging volunteers as subject matter experts, conducting volunteer working groups, surveying volunteers and obtaining face-to-face feedback at local volunteer meetings.

A range of localised activities has contributed to this area as well as other nationally coordinated activities that are outlined elsewhere in this report (e.g. volunteer leadership development).

Key activities for 2016/17 included providing:

- a new brigade assessment tool
- tailored support for 'at-risk' brigades
- brigade training capability assistance
- operational efficiency and readiness support.

New brigade assessment tool

In 2016/17, a new brigade assessment tool was trialled and rolled out across the country. This tool, together with Area Managers' relationships with Chief Fire Officers (CFOs) and other brigade data, will provide more sensitive information on brigades and their local communities. This will assist us in providing more timely and targeted support to brigades, and to help celebrate and grow their successes.

Tailored support for 'at-risk' brigades

This year, we developed and successfully piloted a national, tailored, supportive service to brigades that had previously been

deemed vulnerable or at-risk, and we have now made a long-term commitment to this project. Working in partnership with brigades, designated staff were responsible for coordinating tailored and often co-designed support to meet local needs. For example, the National Park Volunteer Brigade partnered with staff, resulting in a bespoke local recruitment campaign/open day, as well as tailored support around training, information technology, and participation in the UFBA conference and the Women's network. This tailored support helped to improve the resilience, capability, local morale and performance of this brigade.

Brigade training capability assistance

An extended pilot programme provided additional trainers to work across the regions with a focus on assisting volunteer brigades that were in need of additional support. This assistance included improving brigade operational capability, assisting brigade members in preparing for formal rank progression training, and meeting training requirements for driving appliances, pump operating and responding to motor vehicle accidents.

Operational efficiency and readiness support

During 2016/17, the Operational Efficiency and Readiness team visited over 60 volunteer brigades across New Zealand, providing guidance for CFOs on a range of operational and corporate matters, carrying out station checks, running drills, and attending and delivering training sessions at the National Training Centre in Rotorua. In addition, all multiple-resource, unusual or high-profile incidents (e.g. multiple fire appliances required, silo or cliff rescues, complex motor vehicle accidents, multiple deaths in house fires, storms and earthquakes) received an independent operational review with a focus on learning outcomes. At least 10 operational reviews involving volunteer brigades were carried out during the year across a range of volunteer-attended incidents. Brigades express a lot of pride in being able to serve their communities, and were very appreciative of the independent assessment of their efficiency and readiness and the face-to-face support, which instilled confidence that they are operationally prepared and ready.

Improved volunteer experience

Key activities for 2016/17 included:

- volunteer recruitment improvements
- Volunteer Employer Recognition Programme (ERP)
- research into supporting the families of volunteers.

Volunteer recruitment improvements

This year, the recruitment process was reviewed and redesigned, and more back office resource was added to better support the care of volunteer candidates and help minimise delays in processing.

Since the review, there has been a marked improvement in the volunteer candidate and CFO recruitment experience, and a 33% reduction in the new recruit processing time. The Volunteer Candidate Care Specialist continues to meet with brigade leaders from around the country, providing practical support to brigades and making it easier to recruit volunteers.

Volunteer Employer Recognition Programme

The ERP helps to recognise the important role employers play in supporting our volunteers by releasing them to attend calls. This year, 230 brigades were enrolled in the ERP (up from 191 brigades in 2015/16), which provides them with access to the various programme offerings, including a 'thank you' pack and framed certificates for employers, a financial contribution towards hosting an employer recognition event, and the ability to use our employer-of-volunteer branding and employer recognition signage outside volunteer stations.

As part of the continued ERP enhancements, volunteer and employer feedback led to improvements in the 'thank you' packs and the development of a prospective employer pack. Additional enhancements that are currently underway include improving how self-employed volunteers and their businesses are recognised and leveraging their association with the Fire Service. This work will continue and be extended under Fire and Emergency New Zealand.

Research into supporting the families of volunteers

Previous research has indicated that work commitments and family are the two main reasons that volunteers leave the fire services. There is limited research on how families support volunteers to serve their communities and the impact on families from having a family member volunteer for the fire services.

To address this gap, we commissioned a research project to explore how families support volunteers, the impact volunteering has on families, and their perceptions and experiences of fire service family-focused programmes. This research has shown that families play a critical role in enabling volunteers to serve their communities by providing household labour and caregiving duties when volunteers attend training or call outs, providing emotional support to volunteers when they are tired and stressed, and helping volunteers to overcome trauma. This can have a significant impact on partners and families, including making sacrifices such as not celebrating birthdays and anniversaries together, sharing volunteers with their 'second families' – the brigades – and having a partner or parent who is always 'switched on'. These research findings are being used to further develop our volunteer support programme.

Our partnerships with other services enable us to protect the safety of all New Zealanders.

Incident management

Demands on our emergency services continue to evolve and change, and are driven by demographic changes, pressure on resources, climate change impacts, and a need for people to play a greater role in their own protection and safety. In response, we must become smarter and more flexible in our service delivery arrangements and resource allocation. We must work more collaboratively with other rescue and emergency services, and help individuals and communities to become more prepared and self-sufficient in the face of emergencies and disasters.

During 2016/17, we responded to 77,465 incidents, which is an increase of 3.5% from the previous year. We saw a 2.7% drop in the number of structure fires and a rise in non-fire emergencies, with responses to medical emergencies increasing by 3.0% and motor vehicle crashes increasing by 12.7%.

Operations

Line rescue

During the year, we completed the Level 3 line rescue roll-out in five locations – Auckland Central, Hamilton, Wellington, Christchurch and Dunedin. Level 3 is the highest level of line rescue and provides us with 'rescue and recovery' capability. This completes our three-level working at heights and line rescue roll-out programme:

- Level 1 – Safe working at heights.
- Level 2 – Access and stabilisation.
- Level 3 – Rescue and recovery.

Medical response

Under the MOUs with St John and Wellington Free Ambulance services, all of our brigades undertake a medical response role. Most brigades are classified as Co-Responders, turning out to life-threatening calls. In addition, we have more than 50 brigades that attend a wide range of medical events as First Responders.

Drones

Following an Urban Search and Rescue (USAR) deployment to Fiji in the aftermath of Tropical Cyclone Winston, we and the Ministry of Foreign Affairs and Trade (MFAT) discussed using Remotely Piloted Aircraft Systems (RPAS), or drones, for off-shore deployment. These discussions resulted in an MOU being developed with MFAT and the procurement of drones for off-shore deployments.

The agreement with MFAT included us working with Pacific partners to develop drone capability domestically. To support this upcoming capability, we engaged with a wide range of partners, including the rural fire sector, New Zealand Police, NZDF and New Zealand Customs Service, and we currently chair the All-of-Government RPAS Operators Group (AGROG). We are seeking a combined approach across a range of government users of drones to share information and identify opportunities to carry out exercises and learn from each other.

WE ATTENDED

77,465

INCIDENTS DURING 2016/17

3.5%

increase from the previous year

Working safely around water

The Working Safely Around Water project was established to increase the safety of our firefighters when working in and around water through awareness and training, and by equipping our operational personnel with the right equipment.

Equipment trials have been completed and the roll-out of this equipment is scheduled to start in October 2017.

Stakeholder engagement survey

We conducted our third annual stakeholder engagement survey during May and June 2017, which is a new performance measure for 2016/17. This survey monitors stakeholder expectations and interactions with our organisation, and looks at how well we are performing and demonstrating strategic and proactive engagement. In total, 50 stakeholders were surveyed across 37 emergency partners, suppliers, public sector organisations and strategic alliances (including rural and major infrastructure organisations).

The 2017 average overall score was 8.3 (out of 10), which is a significant increase on previous surveys (2015: 7.8; 2014: 7.9). A score of 8 or 9 out of 10 is considered excellent. Many stakeholders said that they had experienced noticeable improvements in the efforts and intent by us to provide better access to senior personnel to drive strategic partnerships and a willingness to collaborate on shared initiatives across all levels.

The majority of stakeholders have very positive perceptions of their relationship with us and empathise with the current environment of change brought about by the transition to Fire and Emergency New Zealand. Keeping lines of communication open, and being transparent and honest with stakeholders will allow us to foresee issues and manage them early on.

Urban Search and Rescue

Our USAR capability is an integral part of MFAT's New Zealand Aid Programme, which also draws on the capabilities of other government agencies such as Ministry of Health, NZDF, New Zealand Police and the Ministry of Civil Defence and Emergency Management (MCDEM).

As a member of the MCDEM National Crisis Management Centre, we are responsible for coordinating USAR operations in support of the national controller's strategic requirements, including:

- coordinating offers of USAR assistance
- determining requirements for international USAR support
- managing USAR operations.

United Nations

Alongside MFAT, we supported the development of the International Search and Rescue Advisory Group (INSARAG) Asia Pacific five-year Strategic Plan. The Asia Pacific region is the world's most vulnerable region to natural disasters. To enhance this region's capability to respond to such disasters, countries are building their capability in USAR through the development of national light teams, as well as INSARAG medium and heavy classified teams.

The Asia Pacific Strategic Plan for Capability Building (2016–2020) aligns with the overarching INSARAG 2015–2020 Strategic Framework and sets out the vision of the region to achieve improved preparedness and disaster risk management through enhanced USAR capabilities by 2020. The plan outlines the process countries will follow in seeking support to develop their USAR capability, including "beyond the rubble" and national response capabilities.

Our USAR team members continue to show their commitment to the United Nations by attending exercises and meetings throughout the region. Our skills are such that we have

two members on the strategic and operational INSARAG working groups.

We commenced planning for team members to attend exercises scheduled during the first quarter of 2017/18. This includes:

- attending the New South Wales USAR team's recertification, which will give us experience as we plan for our own recertification in 2020
- attending the Asia Pacific INSARAG exercise in Kuala Lumpur, Malaysia, which will continue to build our credibility in the region, and provide the team with an international perspective and valuable opportunities to share knowledge and to learn from others.

New Zealand Medical Assistance Team

With the Ministry of Health, we continued to support New Zealand Medical Assistance Team (NZMAT) operations, with an increasing commitment required as the team prepares for World Health Organisation verification in September 2017. We provided logistical support and an increasing commitment around the wider command support function to enable NZMAT to focus on its primary medical role. Our USAR capability supports every NZMAT deployment. The 2016/17 year saw a significant increase in the commitment between us and NZMAT in building an enhanced NZMAT cache through the MOU established between the Ministry of Health and our organisation. The team is seeking verification for a Type 1 outpatient facility and has started planning to increase that capability to a Type 2 in-field hospital.

Building resilience and minimising risk

The USAR Wellbeing project, which was initiated in 2015/16, continued this year. This project is focused on keeping our USAR team as safe, healthy and psychologically resilient as possible in preparation for deployment situations. Aspects such as regular physical and psychological

Urban Search and Rescue teams travel far and wide to pick up the pieces and restore communities after emergencies.

health assessments, and family support when members are deployed illustrate the holistic approach that is being taken to ensure their wellbeing. Project implementation is expected to be completed by the third quarter of 2017/18.

USAR deployments

New Zealand USAR responded to two major events that required three deployments. These were the Kaikoura earthquake (deployments to Kaikoura and Wellington), and the Eastern Bay of Plenty floods with Tropical Cyclones Debbie and Cook (deployment to Edgecumbe).

The Kaikoura earthquake resulted in significant damage around the location of the event and major damage in Wellington. Both required USAR deployments, but the deployments and missions were very different. A full medium team response was required in Kaikoura from our southern and northern teams, while a significant proportion of the central team was deployed for an extended period in Wellington.

The teams worked well as operational sectors within our structures, and gained increased insight and respect for and from our Defence and Police partners, as well as developing some strong lessons for future operations around common operating pictures and aligned systems.

Kaikoura

The mission in Kaikoura lasted 16 days, with over 2,000 building assessments completed, along with shoring and light engineering work, and water restoration. Significant lessons from Kaikoura included the need for:

- a minimum deployment capability for the command element
- a coordinated approach for deployments
- a common data/information set for all agencies when collecting assessment information
- a common understanding around terminology and the phases of assessment
- deploying a minimum operational capability to support operations, and use of our USAR organisational structures even with a smaller-scale response.

USAR staff in Kaikoura performed well with other agencies (NZDF, local brigades and MCDEM) and were able to make a difference to the overall restoration of the Kaikoura community.

Wellington

The earthquake in Kaikoura had a greater impact in Wellington in that the damage and disruption occurred in a major city, and the affected infrastructure and buildings were of a greater scale. The USAR operations were focused around the assessment of damaged buildings with our USAR technicians and engineers, and then subsequently working with the local authorities to assist those residents who were affected by damaged and condemned buildings. This involved providing escorted visits to recover personal belongings and vehicles, as well as advice and support to the local authorities.

We prepared for the impacts of a major aftershock through detailed planning and by retaining additional equipment in Wellington for several months after the earthquake.

Edgecumbe (Eastern Bay of Plenty floods and tropical cyclones)

Early April 2017 saw the arrival and effects of a series of tropical cyclones, which added to an already saturated landscape in the Bay of Plenty. At that time, the Rangitaiki River broke through a stop bank in Edgecumbe. Within minutes, most of the northern part of the town was inundated with river water that continued to flow into the town for many hours – making 80% of the town uninhabitable and a complete evacuation necessary.

Our response was part of business as usual, with a number of USAR personnel involved in our general duties work. In the beginning, the local USAR Commanders utilised the MCDEM New Zealand Response Team in the wider area and then focused on the more damaged and higher-risk areas in Edgecumbe itself as the USAR capabilities became available.

USAR also deployed its new RPAS (drone) capability, producing a range of products from video 3D models of Edgecumbe through to orthomosaic mapping of the township to determine flood levels and recovery. At the same time, there was a potential threat of Tropical Cyclone Cook hitting the East Coast of New Zealand, so a decision was made to hold the northern team in place and deploy a medium-sized team out of the central base for USAR work in the Edgecumbe/Whakatane area.

In three days, the teams had completed all of the Phase 2/triage assessments and had also assisted the local authorities with detailed assessments. In five days, over 1,200 houses had been assessed and information on their condition and accessibility was made available to the residents of Edgecumbe. USAR demobilised after 10 days, with teams standing down once the tropical cyclone proved not to have the adverse impact many had feared.

Again we gained significant lessons and built great relationships that will add to our capabilities and experience as we transition to Fire and Emergency New Zealand, and also assist USAR in the future.

Rural firefighting presents many challenges for our experienced personnel and the partners we work with.

National Rural Fire Authority

This year, we continued to implement our strategic goals to reduce the number and consequences of wildfires by supporting Rural Fire Authorities (RFAs) to deliver effective fire control measures on forest and rural land. In addition, considerable focus and expertise was provided to support a successful transition to Fire and Emergency New Zealand on 1 July 2017.

Our work continues to be underpinned by our guiding principles:

- Protection of New Zealand's diverse rural areas.
- Respect for our customers and stakeholders.
- Commitment to a partnership approach with customers and communities.
- Appreciation for the work of RFAs, staff and volunteers.

We successfully achieved our goals for 2016/17 by:

- providing input and advice for the transition to Fire and Emergency New Zealand
- building on the new grant funding model for enlarged RFAs
- continuing to build on the new rural fire training model, including leading high-level and specialised training programmes together with fire line leadership and incident leadership
- completing the implementation of the new national standard for the use of aircraft at wildfires.

Transition to Fire and Emergency New Zealand

A key focus for us this year was supporting the work and activity required to successfully transition to Fire and Emergency New Zealand on 1 July 2017. National Rural Fire Authority staff were engaged and involved throughout the various components of the Transition Project over the past 12 months. Many workshops that were facilitated by the Transition Project team were supported and attended by a wide and diverse representation of the rural fire sector.

Personnel from the broader rural fire sector were appointed to the Transition Project team as subject matter experts to work within targeted workstreams, providing specialist advice. Stakeholders of the rural fire sector continued to be consulted during the Transition and were active participants throughout.

Safety, health and wellbeing from a rural context

Implementation of safety, health and wellbeing initiatives was variable across the 40 organisations that will be amalgamated into Fire and Emergency New Zealand. Some had well-developed and accepted safety, health and wellbeing systems. However, other organisations had yet to embark on safety, health and wellbeing policy, procedures, participation or acceptance of the requirements imposed by the 2015 legislation. In this respect, Fire and Emergency New Zealand promises to offer a more uniform and higher-level approach than has existed to date.

The most heartening aspect of the safety, health and wellbeing work this year was the willingness of diverse sector groups to participate in policy development, system selection and dealing with future matters. Numerous consultative meetings over several months resulted in a cohesive working group being formed and a unified, considered and sensible policy being developed. It must be noted though that developing the policy was the easy part – the challenge aspect will be implementing it across the organisation and among the range of contracted service providers.

Building on the work in 2016/17, over the coming year there will be several workstreams dealing with additional aspects of safety, health and wellbeing, including contractors, physical and psychological fitness, and welfare. This is important to the rural sector, as we rely heavily on contractors (e.g. aircraft pilots and crew, heavy plant and machinery operators, and specialist personnel) to deal with rural incidents on a 'call when needed' basis and to have joint liability if injuries occur. Future work will result in service providers needing to meet Fire and Emergency New Zealand's safety, health and wellbeing requirements in a range of ways, such as fitness, training, equipment and health. This will result in a better organisation – safer for all concerned and with less liability for the people conducting the business.

New Grant Assistance model for Enlarged Rural Fire Districts

This was the second year of the new Enlarged Rural Fire Districts (ERFDs) Grant Assistance model and the intended objectives of the new system were evident, providing ERFDs with greater flexibility in how they managed their funds and business.

Innovation funding was used throughout the year to support the development of a unified framework for incident management, supported by a training framework to enable regions to develop consistent and effective regional incident management teams for vegetation fire events. The outcomes of this project have formed the basis of ongoing work and implementation that will occur within Fire and Emergency New Zealand.

There were few development grant applications. This was considered a direct result of key people within RFAs being fully engaged with the transition work.

Rural fire training

The rural fire training function, which is run by a contracted service provider, supports the development and maintenance of operational and organisational capacity. Advice and support on strategic and tactical priorities is provided by the Rural Fire Training Advisory Group. A strong focus has been placed on establishing systems and processes to lead the development of nationally consistent skills and knowledge levels to ensure that everyone can undertake their roles safely and with confidence.

The establishment of a reporting system allows districts and regions to determine their training requirements, assisting with planning and effective training resource deployment. This system is used to record and report on the achievement of skills acquisition and practice, and serves as a record of current competency. In addition, the system is used by the Government Training Establishment (GTE) to determine, monitor, and report against funding provided by the Emergency Management Adult and Community Education (EMACE) fund. National coordination was achieved for the following high-level learning programmes and courses:

- Incident and/or Fire-line leadership.
- Fire investigation.
- Fire behaviour.
- Safety advisor.
- Air attack supervisor.

The first skills refresher and competency revalidation for air attack supervisors also occurred this year, marking the transition towards competency maintenance and retention.

The development of a competency framework serves as a platform for identifying learning pathways and supporting consistency in the provision of standards for personnel, as well as highlighting the learning resources that require revision, enhancement or development. The development of learning programme resources for regional and national incident management teams is underway and will provide training for personnel who attend medium- and large-scale, long-duration events within New Zealand and/or who are placed on overseas deployments.

The quality of training and assessment standards within the rural sector was enhanced by increased communications and the provision of a series of regionally-based workshops for rural trainers and assessors. In the future, these rural trainers and assessors will be further supported through the engagement of rural training coordinators. In addition, there will be a focus on encouraging and enabling learning to occur online and to further support the regions and partner organisations – to provide effective learning and development opportunities.

National standard for use of aircraft at wildfires

During 2016/17, we successfully introduced the new standard for the use of aircraft at wildfires. This included the following achievements:

- Setting up a database of certificated aircraft operators. In total, 66 aircraft operators are registered who hold either interim or full certificates of compliance.
- Auditing 20 aircraft operators against the standard. Five of these operators were issued full certificates of compliance while the remainder require corrective actions before results are finalised during 2017/18.
- Carrying out ongoing air attack supervisor training for rural fire aircraft management positions. As at 30 June 2017, 22 people held Air Attack Supervisor qualifications.

Study tour

During September 2016, eight fire personnel from New Zealand and four from Australia undertook a study tour of Canada, the USA and Mexico. The purpose of these tours is to further develop innovative thinking and the depth of knowledge and understanding of future fire leaders by experiencing different fire operations and approaches.

Fire management officers from New Zealand and Australia have undertaken fire management study tours to Canada and the USA approximately every four years since the early 1970s, following an arrangement that was established by the Forest Fire Management Group (FFMG).

Performance monitoring and evaluation framework

During 2016/17, 10 RFAs underwent a Performance Monitoring and Evaluation Framework (PMEF) assessment. Within the PMEF process overall, 99 audits were conducted, 65% of which were considered satisfactory while 35% required a level of improvement. These improvements have been actioned.

This was the final year of the PMEF system as it was originally intended to be implemented. Work is currently underway with the Operational Efficiency and Readiness team and Rural to identify and develop a fit-for-purpose system to monitor the performance of rural brigades within Fire and Emergency New Zealand.

Research

This year marked 25 years of the Scion Rural Fire Research programme running in New Zealand. As part of the celebrations, a research workshop was held in Christchurch that brought together national and international researchers along with end users to enable the exchange of research knowledge and ideas. A further research workshop is planned next year that will focus on the research and how it is being applied.

With the end of the previous MBIE contract, Scion secured new MBIE funding for the next five years, which has enabled much of the rural fire research programme to continue.

The new programme, 'Preparing New Zealand for extreme fire', has five main theme areas:

1. Extreme fire behaviour.
2. Real-time fire monitoring tools.
3. Extreme fire prevention technology.
4. Targeted protection of important sites/taonga species.
5. Fire as a land management tool/ prescribed burning.

Work activities around building resilience will continue under the 'Resilience to Nature's Challenges' programme, which still has a further two years to run.

The Fire Service's Contestable Research Fund is also available for core rural fire research or to answer specific questions that inform the thinking or understanding of fire personnel but do not necessarily fall within the specific themes outlined above. The following recent projects have received funding:

- Evaluating grass curing assessment methods – grass curing refers to the cycle of grasses dying and drying out, and is a key input into grassland fire behaviour models. This research will identify a method that improves the accuracy of assessment in the New Zealand situation.
- Exploring the knowledge and practices of those carrying out controlled burns, and whether improvement of knowledge could prevent injuries or loss of life. This research follows on from the deaths of three people in recent years who died while carrying out controlled burns.

A focus during the year has been on defining the value of research and how the knowledge is then applied. If people want to conduct research, it is important that the answer is not already known (i.e. through existing research), the research knowledge has value to the organisation and there is a clear plan of how the knowledge will be utilised.

The Rural Fire Research Advisory Committee continues to provide governance and strategic direction to the rural research programme. The Committee includes representatives from the Fire Service, NRFA, DOC, New Zealand Forest Owners Association, NZDF, Federated Farmers of New Zealand and Scion. Historically, there has also been a representative from Local Government New Zealand on the Committee but no replacement has been found since the last representative stood down.

Rural Fire Committee

This Committee was established to provide advice to the Board on matters relating to the functions of the NRFA that are referred to it by the Board. The Board uses this advice to assist it in meeting its responsibilities as the NRFA under the Fire Service Act 1975.

The Committee met twice in 2016/17 and provided advice and recommendations, which focused on the implications of the Fire Service's transition to Fire and Emergency New Zealand for the rural sector.

Rural Firefighting Fund

During 2016/17, the RFAs lodged 111 claims to the Rural Firefighting Fund. One claim was declined and a few significant claims are still undergoing investigations. As at 30 June 2017, the total cost of claims on the fund was $14.1 million – compared to 101 claims totalling $3.5 million in 2015/16.

Sixteen claims were in excess of $100,000, the three most significant being:

- Port Hills, Christchurch – $6.7 million
- Waitangi West Farm, Chatham Islands – $1.1 million
- Waimarama Road, Hawke's Bay – $1.1 million.

Fire danger

Fire danger over the 2016/17 summer fire season sat at 'Very high' to 'Extreme' for long periods in Northland and over much of the eastern regions of both the North and South Islands and Central Otago. Prohibited fire seasons (total fire bans) were in place for extended periods.

The introduction of this year's national fire prevention campaign 'Check It's Alright Before You Light' was extended to weekend evenings on TVNZ, where an update on the 'Fire Danger' and 'Fire Season' statuses was presented around the time of the weather forecasts.

There were several significant fires during the year – the most significant being the Christchurch Port Hills fires in February 2017, which burnt 1,645 hectares. A pilot tragically lost his life in a helicopter accident during firefighting operations and 11 properties were destroyed by fire. An operational review is being led by an independent AFAC representative with two experienced technical support personnel from New Zealand.

In Hawke's Bay, the Waimarama fire in February 2017 was the largest of many fires during extreme drought conditions in the region. This fire led to the loss of one property and placed several others under threat, causing them to be evacuated. A state of emergency was declared because of the number of fires and significant demands on resources at the time. An operational review is being undertaken into fires that occurred around the same time in Hawke's Bay.

Other significant fires included:

- Broken River, Canterbury
- Waitangi West Farm, Chatham Islands
- Comers Road, Coromandel
- Ripia River and Colin White Road, Hawke's Bay
- Rat Point, Queenstown.

National and international deployments

This year saw a number of national and international deployments. One National Incident Management Team (NIMT) was deployed to the Waimarama fire in Hawke's Bay and Fire Response teams were also deployed to the Chatham Islands. The Christchurch Port Hills fires were managed by Regional Incident Management Teams (RIMT), with NIMT personnel filling key positions. All teams were very well prepared, well organised and served with distinction.

In terms of international deployments, one person was deployed to Canada in July 2016, followed by 86 to Tasmania and 45 to Victoria in Australia. All up, 132 personnel were deployed internationally. As is customary, our teams performed outstandingly well and were highly regarded by their host agencies and countries.

Our rebuild project in Christchurch continues with a new station for Lyttelton, the latest to be completed.

Capital investment

Our asset base comprises 850 fire appliances and 439 stations with associated operational plant, equipment, and information and communications technology (ICT). The value of the asset base is $776.4 million, with property alone accounting for 70% of this and our fleet making up a further 20%. While we manage cash tightly, the assets themselves need to be upgraded, maintained and replaced as necessary.

We have investment pressures in four key areas:

- Christchurch property rebuild.
- Seismic strengthening.
- Fleet management.
- ICT.

Christchurch property rebuild

Our Christchurch rebuild programme has offered a unique and challenging opportunity to completely redevelop a major metropolitan city's network of fire stations. To date, the rebuild includes 13 career, volunteer and composite fire stations across greater Christchurch and the surrounding areas.

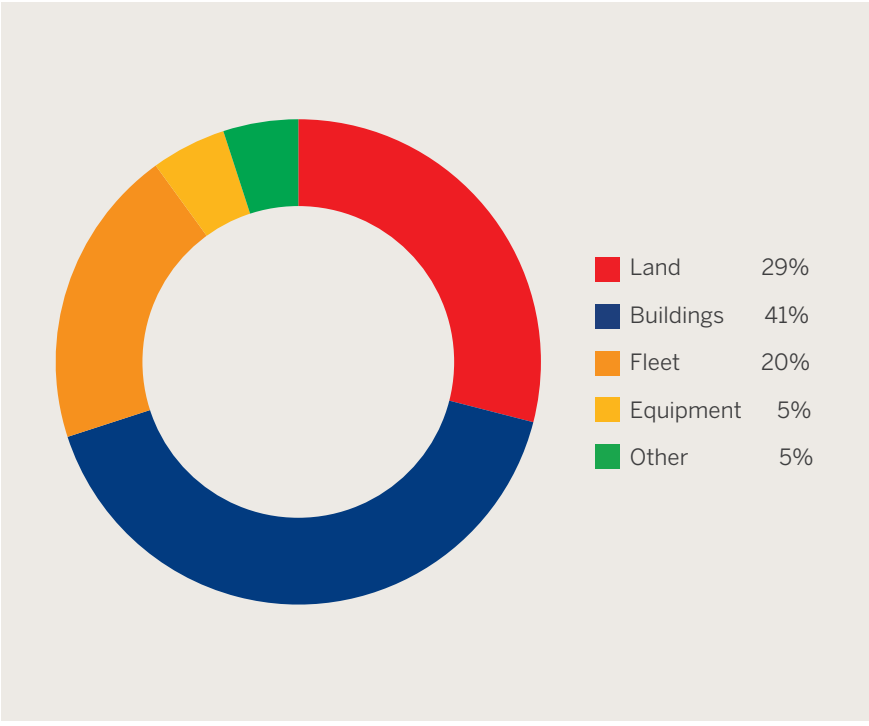
The fundamental principles underpinning our approach include:

- keeping our communities safe
- ensuring our facilities match the needs of Christchurch communities
- carrying out open, honest and transparent discussions with community leaders, residents and staff
- situating stations in optimal locations.

Approval for the 10-year programme of works was granted by the Commission in October 2013. Since then, a considerable amount of planning, consultation and background work has been undertaken by the Christchurch-based property team. Key tasks have included identifying, investigating and securing land, confirming operational resourcing, designing facilities, obtaining consents for developments, and procuring and commencing on site works. We are now well into the construction phase of the programme.

New facilities at Southbridge, Rangiora, Lyttelton and Spreydon have been completed, while the construction of Wigram, Woolston and Anzac (incorporating the New Brighton Volunteer Fire Brigade) stations is well underway, with completion of these three facilities anticipated by mid-2018. The commencement of on site works at Redwood is pending,

Capital investment



and the detailed design of the Christchurch City and Ilam facilities is being progressed.

Seismic strengthening

Structures that have special post-disaster functions such as fire stations are designated Importance Level 4 (IL4) buildings under the Building Act 2004. Accordingly, all new fire stations are designed to 100% of the New Building Standard (NBS) IL4. In addition, we decided that existing fire stations should achieve a minimum standard of greater than 67% NBS IL4 to be considered 'earthquake resilient' following recommendations from the Institution of Professional Engineers New Zealand Inc., the New Zealand Society for Earthquake Engineering and the Royal Commission on the Canterbury earthquakes.

Although there has been a heavy commitment to the Christchurch rebuild, we have also increased the earthquake resilience of a further five stations in 2016/17. Notable completions have included Wanaka, Kaikohe and Waiuku fire stations. Further significant upgrades and refurbishments have included the National Training Centre in Rotorua, Portland, Pongaroa, West Harbour and Tikitiki fire stations.

As we progress through the programme, we are discovering more buildings that have seismic deficiencies, including unreinforced masonry, all of which are being added to the programme.

Table 4 Progress in fire station earthquake strengthening

	Number	Percent (%)
Earthquake resilient, > 67% NBS IL4	360	82
Earthquake risk, 34–66% NBS IL4	19	4
Earthquake prone, 0–33% NBS IL4	60	14
Total	**439**	**100**

Fleet management

The fleet capital programme aims to replace existing appliances at the end of their operational life to maintain the current fleet size. In 2016/17, we took delivery of 31 new appliances and various support vehicles.

New appliance developments are primarily focused on safety, simplicity and ease of use to maximise their reliability and minimise training demands on our volunteer firefighters. Prototype appliances are built to address an operational requirement and to trial new technologies, with the first example of a new appliance model now in operation in Canterbury utilising concepts that were trialled on an earlier prototype appliance. A demonstration appliance on loan from a major supplier is also being tested by operational staff as part of our ongoing research and trials of new technologies and alternate designs.

A number of issues arose with the new Type 3 appliances.[5] Solutions were designed to progressively address all of these issues throughout the year, which have successfully undergone user acceptance testing ready for implementation on all of the relevant appliances prior to their operational roll out.

Fleet servicing continued to be improved through retendering for services in some regions. The programme of major services for our aerial appliances that are 10 years or older that commenced in 2015/16 continued this year and will extend into future years as the appliances reach 10 years old.

Information and communications technology

Four key programmes were progressed in 2016/17 that together significantly improve our technology resilience and performance, and the safety of our personnel:

- Incident Ground Control (IGC) radio replacement – to improve the safety of our crews through highly reliable communications.
- Mobility – to provide critical incident data to our crews at the touch of a button.
- National paging network upgrade – to provide a reliable service for the next seven years while we explore other solutions for turning out firefighters and commanders to emergencies.
- Core capability improvements – to enhance security and end user computer performance, and the creation of platforms for future services.

Incident ground control radio replacement

Front-line personnel rely on portable IGC radio as a primary tool for on scene mission critical communications. A national channel plan and allocation policy was developed, allowing the first deployment of 550 new radios to be completed in December 2016. The radios have been specifically designed for severe fire ground environments and have received very positive feedback from firefighters, with better transmission, noise cancellation, an improved battery life, and resolved breathing apparatus communication interface issues. The new radios allow all firefighters, be they urban or rural, career or volunteer, to effectively communicate with each other at incidents.

On the back of the success of the first deployment, the second deployment of radios was completed in June 2017, bringing the total number of new radios to 2,786, which is over half of the radios in use. To support interoperability in areas where the new radios were deployed, Wellington and Auckland rural fire force radios were also replaced. The third and final urban radio deployment of 2,000 radios will be completed by March 2018. Planning for up to 1,500 new radios for rural fire forces is underway.

[5] A Type 3 appliance is a heavy pumping appliance predominantly used in metropolitan areas.

Mobility

The Mobility programme is building a mobile data ecosystem for the future, equipping firefighters and responders with clear, accurate information that can be taken with them anywhere and make our operations faster, smarter and safer. The transformation is paving the way for future improvements to the effectiveness of our front-line response, more efficient administrative processes and a nimbler organisation.

In 2016/17, the 'mobile response application' was developed for use on tablets in the appliances. This app collates all need-to-know information for each incident and conveys it as clean, clear data that can be acted on, such as the time, the address, route navigation, the classification of the emergency and the appliances that have already been dispatched. It also provides access to building maps, water supply locations, site reports, street views, weather forecasting and more. The level of detail provided can shave minutes off response times.

Career and volunteer appliances in Trentham have been fitted with a mobile information telecommunications/storage hub, which was also developed in 2016/17 and provides radio, mobile and satellite connections to help ensure that the latest information is always available. The volunteer appliance has been used for live trials of the response application.

Moving into 2017/18, practical trial scenarios will be developed for a group of pilot stations, along with training content, procurement activities, and assessment of the safety, health and wellbeing implications. National implementation will follow the conclusion of these trials.

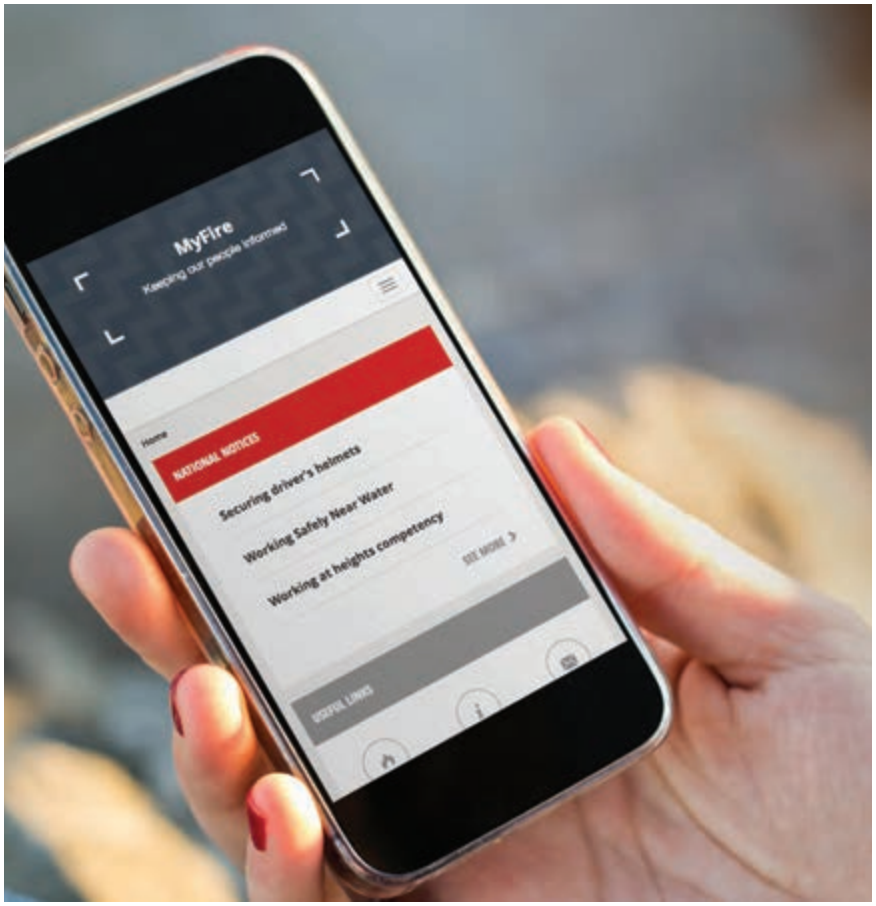
National paging network upgrade

Following Spark's announcement in 2015/16 that they would be shutting down their existing paging network by 30 June 2017, we took the lead in finding a solution – 'doing nothing' was not a viable option given the immense operational dependency that brigades and volunteers have on receiving time-critical 111 messages to enable them to turn out to emergency incidents.

Following negotiations, a contract was signed with Spark for the upgrade of the paging network, which has proceeded to plan allowing for an uninterrupted paging service. The upgrade provides a paging network for the next seven years, giving us time to work through other solutions for turning out firefighters and commanders in response to emergency incidents. We also worked with Spark to make the upgraded network available to Spark's other existing customers, with contracts signed with 32 customers, achieving the targets set during the initiation stage. The final aspects of the upgrade are scheduled for completion by March 2018.

Core capability improvements

A nationwide rollout of the Windows 10 operating system on all desktop and laptop computers commenced in 2016/17. Benefits of the deployment include a consistent user experience for all personnel across the organisation, usability improvements, and capabilities



that will allow new services to be introduced, making using our systems more efficient for volunteers. For career stations and offices, this will involve replacing approximately 800 desktops, 250 laptops and 1,200 screens. For volunteer stations 1,100 desktops and 360 laptops will be upgraded from Windows 7. In 2016/17, 33 of our 431 sites were completed – the remainder will be deployed in 2017/18.

Our server capacity was increased by over 50% to provide for continued growth in the use of systems, along with increasing resilience and performance. Storage capacity was also increased by 50% to cater for the growing volumes of rich media such as maps and video (e.g. from unmanned aerial vehicles), and to provide significantly faster performance.

Personnel have seen other improvements from the work undertaken under this programme, such as reduced login times and full access to our systems from anywhere using laptops deployed with a technology known as Direct Access. A pilot of Skype for Business will lead to the replacement of the end-of-life traditional PBX for voice calling in 2017/18, with the added benefits of instant messaging, desktop video conferencing and desktop sharing. This will support more effective collaboration with both internal personnel and external parties.

We have taken advantage of some of these changes with the transition to Fire and Emergency New Zealand, and the changes also provide the capability for us to evolve during the integration phase and into unification.

Other investments

All but 15 of our 360 urban volunteer brigades now have Wi-Fi access to the internet for their use while on station. This was a continuation of the deployment that commenced in 2015/16. The remaining 15 brigades will have the service by the end of 2017.

As signalled in 2015/16, the mobile app MyFire was launched on 19 December 2016. This app provides a communication channel specifically for firefighters so that they can remain informed and engaged at all times. All personnel can have fingertip access to national and safety notices, news items, and the Chief Executive and National Commander's blog from their own personal smartphones and tablets without the need to log into our network. Since its introduction, we have seen a steady increase in the use of MyFire, particularly on the hot topics.

New Zealand Business Number

In May 2016, the Government issued a Direction (through the Ministers of Finance and State Services) to Crown entities under section 107 of the Crown Entities Act 2004. This Direction[6] sets out New Zealand Business Number (NZBN) implementation requirements. The NZBN provides a unique number that identifies each business and will be able to be used in business-to-government, government-to-business and business-to-business transactions to improve the electronic delivery of services.

Scoping has commenced on introducing the NZBN to our financial system, with more detailed planning to be completed in 2017/18 as roadmaps for new and existing applications are completed.

[6] The Direction can be viewed at www.mbie.govt.nz/info-services/business/better-for-business/nzbn/document-image-library/signed-s107-ministerial-direction-nzbn.pdf.

Statement of Performance

for the year ended 30 June 2017

The Statement of Performance reports on our performance against expectations as set out in the 2016/17 Statement of Performance Expectations (SPE).

Our outcomes

Through fire safety public education programmes, emergency response and rural fire coordination, we seek to achieve the following outcomes:

Outcome 1: Prepared citizens – New Zealanders are more aware of the risks of fire and take more effective steps to lower their personal risk.

Outcome 2: Effective response – by delivering an effective response, the Fire Service and RFAs reduce the loss from fire and other emergencies.

Outcome 1: Prepared citizens

We aim to prevent fires through a range of activities, including social media campaigns, home fire safety visits, the 'Get Firewise' programme for schools and arson reduction programmes for fire setters. We are also involved in reviewing building consents and approving evacuation schemes for non-residential premises.

These activities are intended to improve the public's knowledge and awareness of fire safety, and make homes safer as more smoke alarms are fitted and more adequate preparation is made on what to do in the event of a fire. The outcome we seek is an improvement in fire knowledge and behaviour that will reduce the number of fires and their impact. For commercial premises, the provision of advice to ensure that fire safety standards are catered for adequately will ensure that buildings are less prone to fire and safer in the event of fire.

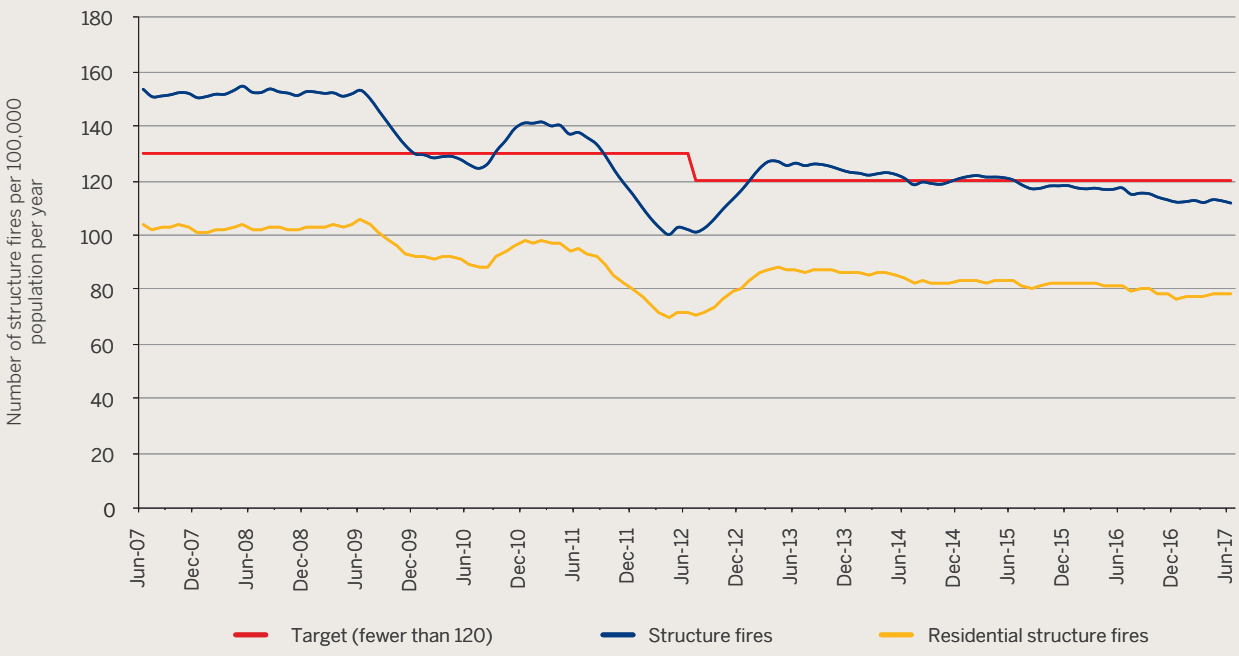
The structure fire rate is a key outcome measure of New Zealanders' awareness of the risks of fire, and their preparedness to take steps to lower the risk to themselves and their property.

Structure fires

Outcome measure 1.1: Number of structure fires less than 120 per 100,000 population per annum

Result: 112 structure fires per 100,000 population
Target met

Figure 1 Structure fires per 100,000 population per year



Overall, the number of structure fires per 100,000 population has remained largely static over the last five years. In 2016/17, there were 112 structure fires per 100,000 population (2015/16: 117), which is within our target of 120. In the same period, there were 78 fires per 100,000 population in residential structures, which compared with 81 per 100,000 in 2015/16. Figure 1 shows the long-term trends for structure fires.

Outcome 2: Effective response

Ensuring that urban and rural firefighters are well trained and prepared for incidents will, in turn, ensure that fires are more effectively managed and injuries to firefighters and the public are minimised. A better understanding of our emergency service partnerships will result in seamless working relationships and facilitate cooperative initiatives such as the MOUs with St John and Wellington Free Ambulance services. A more effective response to fire and non-fire emergencies will prevent injury and contain property losses.

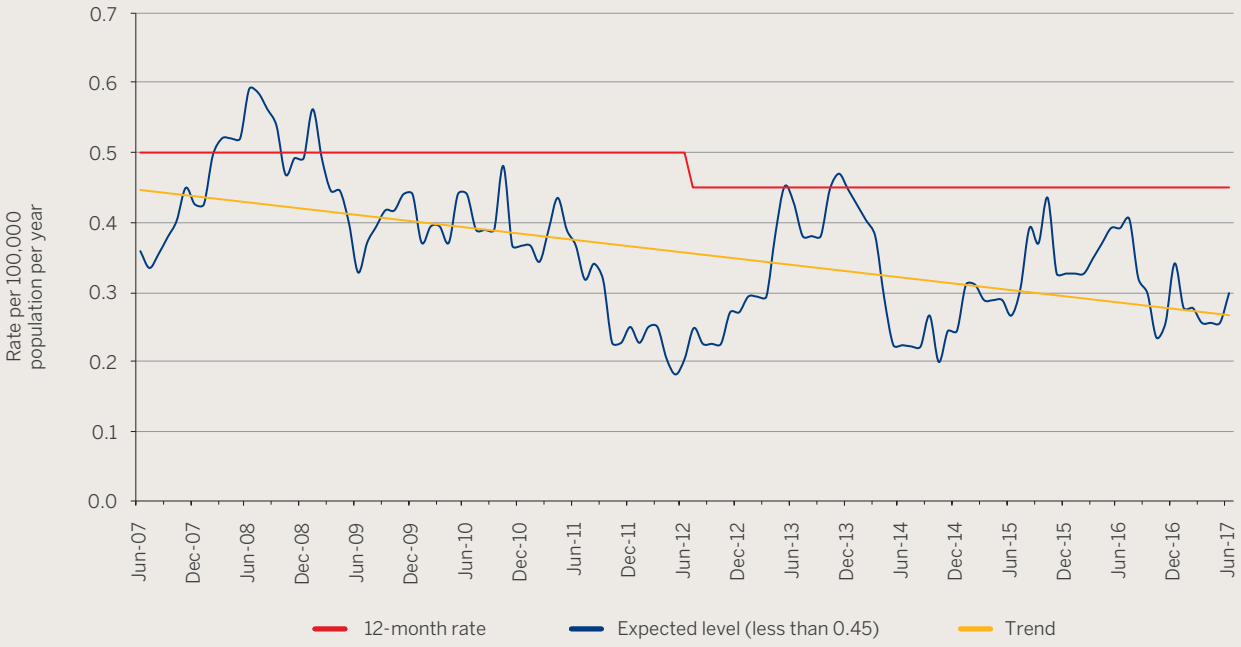
The fire fatality rate is a key outcome measure of both prevention measures and our operational response.

Avoidable residential structure fire fatalities

Outcome measure 2.1: Avoidable residential structure fire fatality rate of less than 0.45 per 100,000 population

Result: 0.30 per 100,000 population
Expected rate met

Figure 2 Avoidable residential structure fire fatality rate per 100,000 population per year



We monitor the number of avoidable residential fatalities from fire to assess progress against our statutory mandate to protect life. In 2016/17, there were 14 such fire fatalities compared with 18 in 2015/16.[7] This is equivalent to 0.30 per 100,000 population, which is well below the expected rate of 0.45 per 100,000 population. We believe that the provision of fire safety education has played a significant part in reducing fire fatalities over the last 5–10 years. Figure 2 shows the long-term downward trend for avoidable residential structure fire fatalities.

[7] In the 2015/16 Annual Report, the number of avoidable residential structure fire fatalities was reported as 19. This has been revised to 18 following advisement that one fatality was due to a medical event rather than being fire related.

Outputs and expected impacts

We delivered a comprehensive range of risk reduction, fire safety public education, emergency response and fire authority coordination services to protect New Zealand's 4.7 million residents, more than $400 billion stock of buildings, and 27 million hectares of forest, tussock and grasslands from fire. We use the following results to assess the impact of our services (outputs), which are classified as follows:

- **Output Class 1:** Fire safety education, prevention and advice.
- **Output Class 2:** Firefighting and other Fire Service operations.
- **Output Class 3:** Rural fire leadership and coordination.
- **Output Class 4:** Fire and Emergency New Zealand Transition.

Output Class 1: Fire safety education, prevention and advice

We promote fire education programmes through a range of public awareness campaigns and other programmes targeted at particular at-risk groups in the community. We measure the effectiveness of our campaigns through the quarterly Fire Knowledge and Communications Effectiveness Survey. This survey monitors the success of these fire safety promotions by measuring the direct impact that services (outputs) have on maintaining and improving New Zealanders' level of fire safety knowledge and fire safe behaviour.

Improve the fire safety knowledge and behaviour of the public:

- 90% of people believe a fire can become unsurvivable in five minutes or less.
- 90% of homes have at least one smoke alarm installed.
- 75% of children (8–12 years old) have made or practised a fire escape plan.
- No more than 8% of young fire lighters are referred back to the FAIP.

Table 5 Fire Knowledge and Communications Effectiveness Survey and risk reduction education results

Measure		2016/17 SPE target	2016/17 Actual	2015/16 Actual	2014/15 Actual	2013/14 Actual
1.2	Percentage of people will believe a fire can become unsurvivable in 5 minutes or less	90%	90% Target met	89%	88%	88%
1.3	Percentage of homes will have at least one working smoke alarm installed	90%	87%	89%	85%	92%
1.4	Percentage of children (8–12 age group) who have:					
	▸ ever made a fire escape plan	75%	76% Target met	NA New measure 2016/17	NA	NA
	▸ or ever practised a fire escape plan	75%	76% Target met	NA New measure 2016/17	NA	NA
1.5	Percentage of young fire lighters referred back to the FAIP	8% or less	10%	NA New measure 2016/17	NA	NA

Quarterly Fire Knowledge and Communications Effectiveness Survey

Our June 2017 survey told us that our programmes are working. Nine out of ten people know that a fire can become unsurvivable in five minutes or less, almost 9 in 10 New Zealanders have at least one working smoke alarm installed, and three quarters of children aged between 8 and 12 years have a plan to escape a burning house or have practised one.

Fire Awareness Intervention Programme

This year, the programme had a 90% success rate, which is 2% under target. Of the 451 interventions that were delivered to young fire lighters by the FAIP, 10% of participants continued to light fires and needed to receive further interventions.

Output Class 2: Firefighting and other Fire Service operations

Incident trends

We responded to 77,465 emergency incidents during 2016/17, which is a 3.5% increase on 2015/16. The total numbers of incidents over the last 10 years are shown in Table 6, which demonstrates a long-term upwards trend.

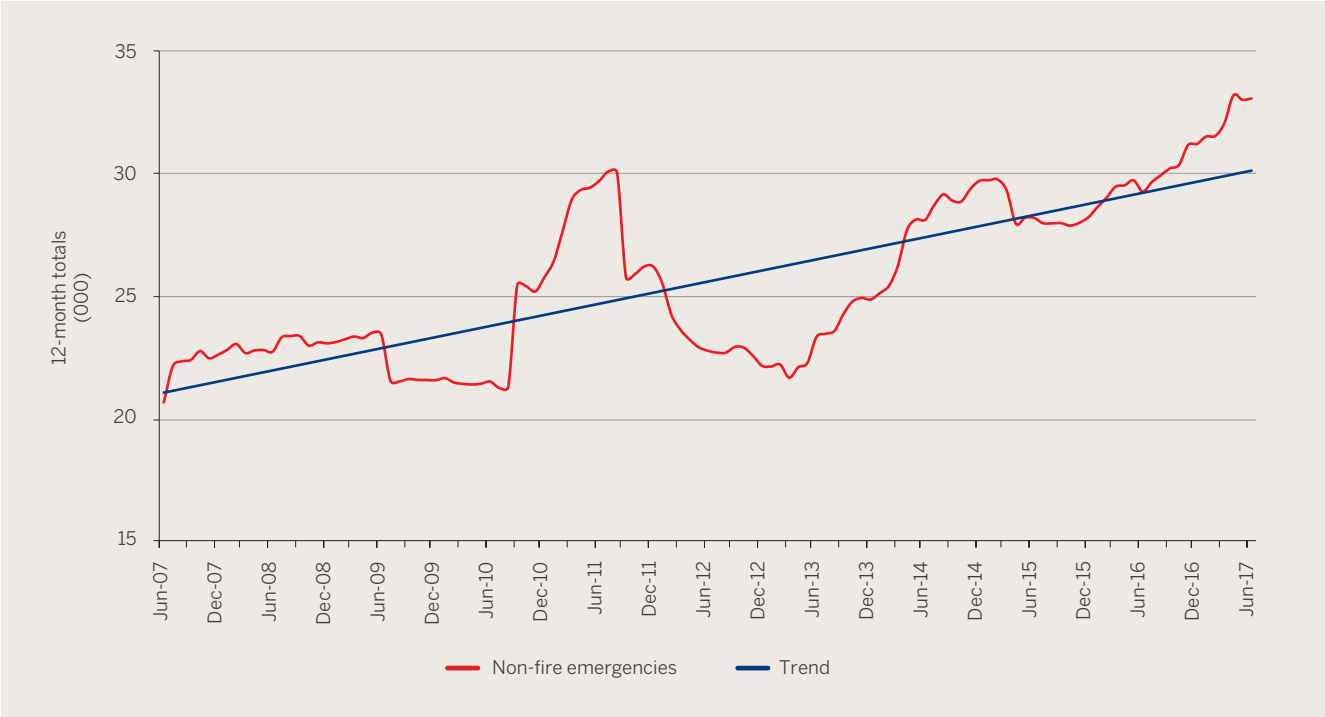
Table 6 Incident trends

	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07
Total incidents attended	77,465	74,879	72,853	73,464	70,907	68,284	76,334	67,651	71,516	74,057	71,690

The main trend in recent years has been the increasing proportion of non-fire-related incidents. In 2016/17, 43% of incidents were non-fire, compared with 34% five years ago. Of all incidents attended during the year, one in every three were false alarms.

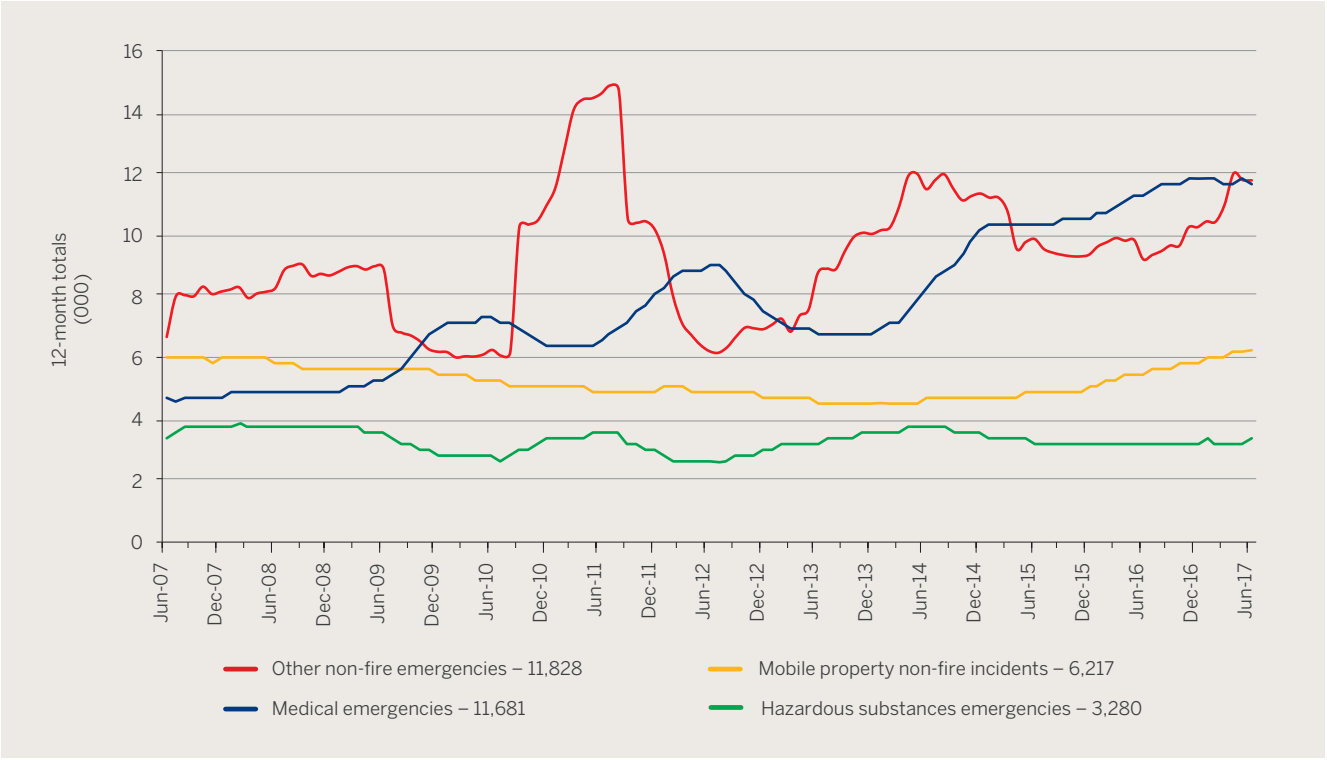
Non-fire emergencies

Figure 3 Non-fire emergencies trend



The number of non-fire emergencies (33,006) increased in 2016/17 and will continue to trend upwards as expectations of the emergency services continue to evolve (Figure 3). Over the past five years, the number of non-fire emergencies has grown by 45%. Part of the large growth is a spike in non-fire emergencies this year. There were at least six large weather events and several smaller events, generating more than twice the number of natural disaster events compared to last year. The continued increase in medical calls also had a major impact.

Figure 4 Non-fire emergencies attended per year



In 2016/17, the number of medical emergencies and hazardous substances emergencies increased by 3.0% and 2.7% respectively. Mobile property (including motor vehicle) accidents increased by 12.7%.

The increasing number of medical emergencies is mostly due to our partnerships with St John and Wellington Free Ambulance, which ensure that an appliance is co-responded with an ambulance to all cardiac and respiratory arrest calls.

External stakeholder engagement

The annual survey of our key stakeholders is undertaken by an external organisation. The results of the survey are used to further improve our communication, coordination and performance in working with other emergency services (New Zealand Police, ambulance services, and Civil Defence and Emergency Management) and a range of other key organisations.

Table 7 Stakeholder engagement survey

Measure		2016/17 SPE target	2016/17 Actual	2015/16 Actual
2.2	Maintain or improve annual external stakeholder engagement survey scores[8]:			
	▸ Overall score	7.8	8.3 Target met	NA New measure 2016/17
	▸ Emergency services sector	7.8	9.6 Target met	NA New measure 2016/17

One of the main findings is that keeping the dialogue open, ensuring contact is continued and building on strategic partnerships is critical. The majority of stakeholders were very positive about their relationship with us and experienced noticeable improvements in the last year, particularly around our efforts to drive strategic partnerships and willingness to collaborate on shared initiatives across all levels. The average overall engagement score was 8.3, while that for the emergency services sector was 9.6. A score of 8 or 9 out of 10 is regarded as excellent.

[8] Stakeholders are asked to rate the quality of their engagement with the Fire Service on a scale of 1–10, where 1 is very low and 10 is very high.

Injuries to our staff

The safety of our people remains a key priority and is the premise that informs all our decisions and activities. The "Our priorities" section of this Annual Report outlines the steps we have taken, and will continue to take, to ensure that we have a culture of safety that supports both the management of operational risks and the overall welfare of our staff.

Table 8 Injuries to our staff

Measure		2016/17 SPE target	2016/17 Actual	2015/16 Actual
2.4	Decrease in the number of Fire Service workplace injuries to staff requiring more than 7 days off work	138	122 Target met	118

Monitoring the number of injuries that require more than seven days off work is one way of measuring how successful we are in reducing the number of injuries to our frontline staff. In 2016/17, this figure was 122 compared with 118 in the previous year and is within the target of no more than 138.

Output Class 3: Rural fire leadership and coordination

Vegetation fires

This output covers the NRFA which aims to reduce the number and consequences of wildfires by supporting RFAs to deliver effective fire control measures on forest and rural land. Containment of vegetation fires is a measure to indicate the effectiveness of fire control in rural fire districts.

Table 9 Containment of vegetation fires

Measure		2016/17 SPE target	2016/17 Actual	2015/16 Actual
2.3	Percentage of vegetation fires in rural fire districts contained within 2 hours of being reported	75%	76% Target met	75%

In 2016/17, the 75% containment target was met with 76% of vegetation fires in rural fire districts being contained within two hours of being reported.

Output performance

Output Class 1: Fire safety education, prevention and advice

(Sections 20, 21, 21A and 29 of the Fire Service Act 1975, and sections 46, 47, 121, 131 and relevant provisions of the Building Act 2004.)

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

Output 1.1: Fire prevention and advice to the general public

This output includes the delivery of fire safety education and advice to the public, including through national advertising media. These services aim to change people's behaviours by improving their knowledge about fire risks and what actions they can undertake to reduce those risks. It is delivered under the Safer New Zealand Fire Risk Reduction and Prevention Plan, which focuses all of our activities under three main overarching goals that are aligned with Vision 2020:

- **Goal 1:** Risk reduction – raise the awareness of fire risk and influence behavioural change.
- **Goal 2:** Safer homes and workplaces – deliver targeted programmes to promote a fire prevention culture.
- **Goal 3:** Community-based – encourage community engagement in the interests of promoting fire safety.

The Commission (as the NRFA) also coordinates a national campaign to promote fire safe behaviour in rural areas. This campaign focuses on fire prevention, and making landowners and the general public aware of their legal obligations with respect to vegetation fires. It is run in conjunction with the New Zealand Forest Owners Association and DOC, and includes television and print media advertising. Fire authorities also carry out local campaigns within their jurisdictions during the year.

Table 10 Output 1.1 performance measures

Measure		2016/17 SPE target	2016/17 Actual	2015/16 Actual
1.1.1	'Get Firewise' programme for primary schools (Years 1 and 2):			
	▸ Percentage of schools approached over 2 years to deliver the programme	100%	91%	54%
	▸ Percentage of schools who agree to deliver the programme	65%	73% Target met	37%
	▸ Percentage of schools who complete delivery of the programme	60%	57%	22%
1.1.2	Number of individuals (5–17 year olds) receiving the FAIP	Information measure only	451	409
1.1.3	Number of homes that have received a home fire safety visit	Information measure only	5,175	6,956

'Get Firewise' programme

The 2016/17 results are for the second year of a two-year cycle, during which one of the three targets was met. The need to respond to several significant emergency events by frontline staff and to deliver competing priorities affected our ability to fully deliver this programme.

The programme will be evaluated in the coming year by an external research company to provide insights into why it is or is not adopted. This evaluation will inform where improvements can be made.

Home fire safety visits

During 2016/17, the demand for home fire safety visits steadily dropped. This is mainly attributed to the increased demand last year from landlords and tenants seeking smoke alarm installation advice in the lead up to the Residential Tenancies Act coming into effect from 1 July 2016.

Deployment of the SMART Risk application will see frontline staff focusing on 'at-risk' groups to ensure the targeted application of the home safety programme.

Output 1.2: Professional and technical advice to the built environment public

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

We work in partnership with key industry representatives to make sure that consistent national fire safety standards are developed and deployed. The primary focus is on standards for building design, standards for automated fire safety systems and evacuation processes. The representative groups include MBIE, the Ministry of Education, rest home associations, Housing New Zealand, the Department of Corrections, the Building Research Association of New Zealand, the Fire Protection Association of New Zealand, the Society of Fire Protection Engineers, the Building Officials Institute of New Zealand and building owners.

Table 11 Output 1.2 performance measures

Measure		2016/17 SPE target	2016/17 Actual	2015/16 Actual
1.2.1	Percentage of advice (Fire Service memoranda) provided to territorial authorities on building consent applications within 10 working days of all required information being correctly received	100%	100% Target met	100%

Output 1.3: Fire safety legislation

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

This output covers the following three areas of fire safety law:

- Building consent applications covering the fire engineering design of buildings.
- Evacuation scheme approvals and monitoring.
- Advice on buildings considered dangerous because they are a fire hazard.

Table 12 Output 1.3 performance measures

Measure		2016/17 SPE target	2016/17 Actual	2015/16 Actual
1.3.1	Percentage of evacuation schemes submitted to the Fire Service are processed within the statutory timeframe (20 working days with provision for a further 10 days, if required) once all required information has been correctly received	100%	99.8%	100%

Evacuation schemes

Eight evacuation scheme applications from a total of 4,849 were processed beyond the statutory timeframe. These delays resulted from either a requirement for further information before approval could be granted or conflicting priorities within local areas.

Output Class 2: Firefighting and other Fire Service operations

(Sections 17N, 17O, 23 to 26, 27, 27A, 28, 28A, 29, 30, 32, 34, 35, 36, 36A, 40 and 41 of the Fire Service Act 1975, and the provisions of the Civil Defence Emergency Management Act 2002.)

This output class includes the services we provide to prepare for and suppress fires and to respond to other emergencies. Responses to other emergencies include events such as motor vehicle accidents, hazardous substances emergencies, natural disasters and medical emergencies. Our role in helping communities to be prepared for emergencies is included in this output class. Examples of these types of services are maintaining the USAR capability, working with territorial authorities to be prepared for civil defence emergencies, and membership on a range of local committees or groups tasked with preparing for and responding to non-fire emergency incidents.

Output 2.1: Operational readiness

This output represents our coverage and capacity throughout New Zealand regardless of how many emergency incidents we actually attended. It is an important aspect of the overall services we provide and ensures that people are confident that they have 24-hour, 365-day access to an emergency response capability when they need it. The output covers activities to make sure that we maintain a constant state of operational readiness, which we achieve through comprehensive staff training, regular equipment maintenance and accurate operational incident pre-planning.

We verify our state of readiness by conducting internal operational readiness assessments. Our operational readiness is continually being improved by implementing enhancements that are identified during post-incident operations investigations. Each station carries out an audit each year against a standardised checklist.

A critical part of our comprehensive training programme is Operational Skills Maintenance (OSM), which is achieved by firefighters completing individual tasks or crew-based scenarios, and ensures that firefighters are operationally current in core skills. Each core skill has a regular review period and OSM requirements are monitored closely.

Pre-incident planning ensures that information is available for buildings so that we are able to take the most appropriate actions in the event of an emergency incident. We review and update risk plans on a regular basis to ensure that information remains current.

Table 13 Output 2.1 performance measures

Measure		2016/17 SPE target	2016/17 Actual	2015/16 Actual
2.1.1	Percentage of Level 2 (serious incident) investigation reports completed within the required timeframe[9]	80%	91%[10] Target met	71%
2.1.2	Percentage of site reports reviewed within the required timescale[11]	80%	64%	71%
2.1.3	Percentage of OSM critical and core skills requirements met by career firefighters	98%	99.5% Target met	100%
2.1.4	Percentage of OSM critical and core skills requirements met by volunteer firefighters	95%	98.1% Target met	98%

Site reports

An Operational Risk Planning Internal Audit report highlighted a number of deficiencies in the operational risk planning process, particularly around site reports. As recommendations are implemented and further enhancements are made to the Station Management System, current issues with the site report review and updating process will be rectified in the coming year.

Output 2.2: Operational responses to fire and other emergencies

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

The national guidelines provide targets to ensure that stations are located optimally, resources are deployed in an efficient way and processes are improved to minimise the overall response times to emergency incidents. The national service guidelines for monitoring response times and results are set out below.

[9] A Level 2 incident is where serious harm occurred, or could have occurred, or where there are significant concerns or national implications.
[10] This result is based on incidents established between 1 April 2016 and 31 March 2017.
[11] Site reports are prepared by our personnel for sites identified with significant fire and/or other risks.

Table 14 Output 2.2 performance measures

Measure		2016/17 SPE target	2016/17 Actual	2015/16 Actual
2.2.1	Number of structure fires attended (including number where Fire Service equipment required to extinguish fire, e.g. one hose reel or more)	Information measure only	5,236 ↓2.7%	5,384
2.2.2	Number of non-fire emergencies attended (total)[12]:	Information measure only	33,006 ↑12.8%	29,263
	▸ Number of medical emergencies attended (including number where CPR/defibrillation carried out)	Information measure only	11,681 ↑3.0%	11,339
	▸ Number of motor vehicle accidents attended (including number where extrications performed)	Information measure only	6,217 ↑12.7%	5,518
	▸ Number of hazardous materials incidents attended (including number where Fire Service active management required)	Information measure only	3,280 ↑2.7%	3,195
2.2.3	Response times for structure fire incidents inside urban fire districts will be monitored for performance against the national service delivery guidelines of:			
	▸ 8 minutes for career stations	90%	83%	84%
	▸ 11 minutes for volunteer stations	90%	88%	88%
2.2.4	Response times for non-fire emergencies will be monitored for performance against the national service delivery guidelines of:			
	▸ 30 minutes for motor vehicle accidents	90%	97% Target met	97%
	▸ 20 minutes for incidents requiring the specialist Hazmat unit within major urban areas	90%	73%	84%
	For response to medical emergencies inside urban fire districts:			
	▸ 8 minutes for career stations	90%	87%	89%
	▸ 11 minutes for volunteer stations	90%	85%	87%

Response times

Response times for structure fire incidents inside urban fire districts and non-fire emergencies (except Hazmat responses) were within 2% of the 2015/16 year. Response targets for structure fires and medical emergencies would have been met (93% and 95%) if travel distances had been achievable within the response times.

For Hazmat unit responses, more than half of the incidents attended that did not meet the national service guideline were due to the travel distances required (53%). If these travel distances had been achievable within the response time, the result would have been 87% and this further increases to 96% when responses within 25 minutes are considered.

The key drivers of performance are the physical location of fire stations and increased traffic congestion, particularly in highly populated areas. Consequently, response targets will be revised for the coming year by considering these long term drivers and the impact they have on performance and achieving successful incident management outcomes.

Output 2.3: Wider emergency management capability

This output covers our wider emergency management activities at national, regional and local levels. It includes planning and research relating to low-frequency, high-impact events such as earthquakes. We work with and support the operation of emergency management groups, making sure that our obligations under the National Civil Defence Emergency Management Plan can be met, and participate in multi-agency training exercises to help us prepare for responses to community-scale incidents.

We have made a large investment in USAR capability, with bases in Auckland, Palmerston North and Christchurch. The USAR team meets the United Nations INSARAG heavy-level capability and also makes available a capability for the New Zealand Government's international assistance programme.

This output also includes the annual survey of our key stakeholders, which is undertaken by an external organisation. Refer to page 62 "External stakeholder engagement" for the new measure related to the annual stakeholder survey.

[12] The total number of non-fire emergencies attended covers a wide range of incidents, including medical emergencies, motor vehicle accidents and hazardous materials incidents.

Output Class 3: Rural fire leadership and coordination

(Sections 14A, 17X and 46A–46L of the Fire Service Act 1975, and section 18 of the Forest and Rural Fires Act 1977.)

This output class covers services that provide leadership and coordination of rural fire management, including establishing rural fire standards, auditing fire authorities' compliance against those standards, evaluating fire authority performance under the Forest and Rural Fires Act 1977, and providing a coordinated national view on rural fire issues.

Output 3.1: Advice and support to fire authorities and rural fire committees, and administration of the Rural Firefighting Fund and grant assistance schemes

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

This output also covers the administration of the grant assistance scheme and the Rural Firefighting Fund. The grant assistance scheme provides funding support to fire authorities to help them invest in appropriate plant and equipment which, in turn, helps ensure that they maintain an appropriate operational readiness capability. The Rural Firefighting Fund reimburses fire authorities for the majority of their expenses relating to putting out wildfires.

We are required to carry out our activities in a transparent way. A mediation process is therefore available if fire authorities have any issues with the decision process for either the grant assistance scheme or the Rural Firefighting Fund.

Table 15 Output 3.1 performance measures

Measure		2016/17 SPE target	2016/17 Actual	2015/16 Actual
3.1.1	Applications and claims to the NRFA are processed within 2 months of being received	100%	79%	88%
3.1.2	Fire authorities' fire plans:			
	Number of fire authorities with an adopted fire plan and a copy submitted to the NRFA	46	39[13] Target met	NA New measure 2016/17
	Percentage of fire authorities with an adopted fire plan and a copy submitted to the NRFA	100%	100% Target met	NA New measure 2016/17
	Percentage of fire authorities that have reviewed the risk reduction, readiness, response and recovery components of their fire plan within the required timeframes	100%	67%	NA New measure 2016/17

Applications and claims to the National Rural Fire Authority

In total, 21 claims (21%) were processed outside the two-month timeframe. The target was not met due to staff changes and delays in the provision of information.

From 1 July 2017, the Rural Firefighting Fund will no longer exist but there will be legacy claims that will require ongoing attention through to settlement.

Fire authorities' fire plans

Fire authorities have a legal obligation to adopt and review fire plans. In addition to this, they must also review:

- the readiness and response parts of the fire plan every two years
- the risk reduction and recovery parts of the fire plan every five years.

A total of 13 RFAs (33%) did not meet the timeframe to complete their fire plan reviews. Despite best efforts to deliver on this measure, the NRFA had limited ability to enforce compliance for RFAs to meet their legal obligations.

Leading up to the commencement of Fire and Emergency New Zealand on 1 July 2017, significant work was undertaken to ensure that all regions and districts have approved fire plans. Since there will no longer be any reliance on RFAs, it will be possible to control the establishment and maintenance of these plans.

[13] Seven of the 46 fire authorities are NZDF based and so are not monitored by the Fire Service.

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

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

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

- define the fire season, which currently runs from 1 October through to 31 March
- determine the appropriate fire prevention measures
- assess the likelihood of fire occurring
- determine the firefighting response and resources required
- inform the public
- make decisions to close areas at high risk
- plan and conduct controlled burns.

Table 16 Output 3.2 performance measures

Measure		2016/17 SPE target	2016/17 Actual	2015/16 Actual
3.2.1	Percentage of RFAs provided with written audit reports against national minimum standards within 2 months of the audit	100%	100% Target met	0% 0 of 2
3.2.2	Percentage of RFAs provided with a draft performance report within 2 months of the performance assessment	100%	100% Target met	0% 0 of 2
3.2.3	Percentage of audits of RFAs meeting the required standard	90%	100% Target met	55%

Table 16 advises how the NRFA and its auditing staff performed against specified timeframes and in meeting the required standard. Of the 10 RFAs who underwent a PMEF assessment, 99 audits were conducted. Of those, 65% were considered satisfactory, while 35% required a level of improvement. These improvements were actioned satisfactorily.

Output Class 4: Fire and Emergency New Zealand Transition

This output class covers the activities required to transition to Fire and Emergency New Zealand on 1 July 2017. Information on what we did to prepare for the Transition is outlined in the priority section of the Annual Report under "Transition to Fire and Emergency New Zealand".

Financial performance measures by output class

Table 17 Main financial measures

	2016/17 SPE target $000	2016/17 Actual $000
Levy revenue	368,299	392,278
Total revenue	383,846	417,727
Total expense	415,572	423,571
Net surplus attributable to the owners of the Commission	(31,726)	(5,844)
Net capital expenditure cash flows	47,916	48,540

Table 18 Output classes levy receipts

		2016/17 Actual levy revenue $000 GST excl.	2016/17 Budget levy revenue $000 GST excl.	2015/16 Actual levy revenue $000 GST excl.
Output Class 1: Fire safety education, prevention and advice		**58,842**	**57,086**	**57,732**
Output 1.1	Fire prevention and advice to the general public	43,151	41,618	42,461
Output 1.2	Professional and technical advice to the built environment public	14,122	13,627	13,781
Output 1.3	Fire safety legislation	1,569	1,841	1,490
Output Class 2: Firefighting and other Fire Service operations		**318,529**	**303,110**	**304,678**
Output 2.1	Operational readiness	251,450	240,131	240,614
Output 2.2	Operational responses to fire and other emergencies	53,742	51,562	52,145
Output 2.3	Wider emergency management capability	13,337	11,417	11,919
Output Class 3: Rural fire leadership and coordination		**14,907**	**8,103**	**10,056**
Output 3.1	Advice and support to fire authorities and rural fire committees, and administration of the Rural Firefighting Fund and grant assistance schemes	14,122	6,998	9,311
Output 3.2	Rural fire standards, audit, evaluation of fire authority performance, and management of the fire weather monitoring and prediction system	785	1,105	745
Total cost of outputs		**392,278**	**368,299**	**372,466**

Table 19 Output classes other revenue

		2016/17 Actual other revenue $000 GST excl.	2016/17 Budget other revenue $000 GST excl.	2015/16 Actual other revenue $000 GST excl.
Output Class 1: Fire safety education, prevention and advice		**2,117**	**1,203**	**1,176**
Output 1.1	Fire prevention and advice to the general public	1,009	513	398
Output 1.2	Professional and technical advice to the built environment public	330	163	130
Output 1.3	Fire safety legislation	778	527	648
Output Class 2: Firefighting and other Fire Service operations		**17,371**	**12,974**	**12,554**
Output 2.1	Operational readiness	10,175	6,974	6,070
Output 2.2	Operational responses to fire and other emergencies	6,714	5,864	5,836
Output 2.3	Wider emergency management capability	482	136	648
Output Class 3: Rural fire leadership and coordination		**5,961**	**1,370**	**3,076**
Output 3.1	Advice and support to fire authorities and rural fire committees, and administration of the Rural Firefighting Fund and grant assistance schemes	5,942	1,356	3,069
Output 3.2	Rural fire standards, audit, evaluation of fire authority performance, and management of the fire weather monitoring and prediction system	19	14	7
Total cost of outputs		**25,449**	**15,547**	**16,806**

Table 20 Output classes total expenditure

		2016/17 Actual total expenditure $000 GST excl.	2016/17 Budget total expenditure $000 GST excl.	2015/16 Actual total expenditure $000 GST excl.
Output Class 1: Fire safety education, prevention and advice		**58,638**	**59,534**	**59,079**
Output 1.1	Fire prevention and advice to the general public	42,227	42,925	42,823
Output 1.2	Professional and technical advice to the built environment public	13,998	14,196	14,074
Output 1.3	Fire safety legislation	2,413	2,413	2,182
Output Class 2: Firefighting and other Fire Service operations		**322,587**	**322,967**	**316,730**
Output 2.1	Operational readiness	251,088	252,510	246,485
Output 2.2	Operational responses to fire and other emergencies	58,391	58,500	58,032
Output 2.3	Wider emergency management capability	13,108	11,957	12,213
Output Class 3: Rural fire leadership and coordination		**20,290**	**9,631**	**13,026**
Output 3.1	Advice and support to fire authorities and rural fire committees, and administration of the Rural Firefighting Fund and grant assistance schemes	19,637	8,621	12,438
Output 3.2	Rural fire standards, audit, evaluation of fire authority performance, and management of the fire weather monitoring and prediction system	653	1,010	588
Output Class 4: Fire and Emergency New Zealand Transition		**22,056**	**23,440**	**–**
		22,056	23,440	–
Total cost of outputs		**423,571**	**415,572**	**388,835**

Statement of Responsibility

for the year ended 30 June 2017

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

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

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

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operation of the New Zealand Fire Service Commission for the year ended 30 June 2017.

Signed on behalf of the Board:

Hon. Paul Swain
Chair
31 October 2017

Dr Nicola Crauford
Deputy Chair
31 October 2017

Independent Auditor's Report

To the readers of the New Zealand Fire Service Commission's financial statements and performance information for the year ended 30 June 2017.

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

Opinion

We have audited:

- the financial statements of the Fire Service on pages 82 to 123, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Fire Service on pages 57 to 71.

In our opinion:

- the financial statements of the Fire Service on pages 82 to 123,:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2017; 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 Standards.
- the performance information on pages 57 to 71:
  - presents fairly, in all material respects, the Fire Service's performance for the year ended 30 June 2017, including for each class of reportable outputs:
    - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
    - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2017. 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

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 the Fire Service 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 the Fire Service for assessing the Fire Service'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 the Fire Service, 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 the Fire Service'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 the Fire Service's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Fire Service's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fire Service'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 the Fire Service 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 56, 72, 76 to 81 and 124 to 125, 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 the Fire Service in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out probity assurance engagements over procurement of fleet maintenance services, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Fire Service.

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

Fire Service Levy

Administration of the levy provisions of the Fire Service Act 1975

The organisation receives a levy from insurance companies or their agents, which makes up 95% of its funding. We hold that levy until such time as it is required to meet the net operating expenditure.

The levy-related statutory responsibilities of the organisation are largely set out in sections 48 through 53 of the Fire Service Act 1975 (the Act) and include:

- having an understanding of the levy due to the organisation
- giving consideration to and gaining assurance through audits of the calculation and timeliness of all levy received
- keeping all returns and information extracted from the same secret, except where published in aggregated form.

The organisation discharged its levy responsibilities by:

- completing 22 audits of insurance companies, brokers and direct levy payers either through its agents or through analysis and investigation
- issuing over 1,000 statutory declarations
- reviewing 2,000 payments and returns.

We hold this information for a number of years and are able to identify where the levy may have been under- or unpaid. Each month where concerns are identified due to variations in the amount of levy paid, we liaise with the broker or insurer to investigate these amounts. In a number of cases, revised payments and returns have been promptly submitted. Occasionally, an overpaid levy has been identified and a refund has been made to the broker or insurer. This work has helped brokers and insurers to meet their obligations under the Act. The organisation has a number of powers under the Act to support it in these responsibilities. During the year, we used these powers under section 51 to conduct levy audits.

Transitional arrangements of the Fire and Emergency Act 2017

Under the transitional arrangements of the Fire and Emergency Act 2017 (the Act), the organisation was required to consult on the levy rate for the 2017/18 financial year.

The Act required representatives of the future Fire and Emergency New Zealand to publish a notice that:

- described the activities that Fire and Emergency New Zealand proposed to undertake in the 2017/18 financial year
- set out an estimate of Fire and Emergency New Zealand's net costs and the proposed rates of levy
- outlined the methods and any assumptions leading to the estimate and proposed rates of levy
- invited written comments, to be provided to Fire and Emergency New Zealand in the manner and by the date specified in the notice, on:
  - the activities that Fire and Emergency New Zealand proposed to undertake in the 2017/18 financial year
  - the rates of levy.

This consultation occurred in October and November 2016. This consultation and subsequent decisions by the Government resulted in the rate of levy increasing from 7.6 cents per $100 insured to 10.6 cents per $100 insured, to apply from 1 July 2017.

Given the residential caps, the maximum amount of levy payable is now $106 for residential property and $21.20 for personal property. The flat rate for motor vehicles is $8.45.

Financial Commentary

"The national value of all building and construction continues to rise, with a sustained rate of growth not seen in the last 40 years."[14] This increase in the value of construction is expected to continue through 2017, at which time it will start to taper off. This construction growth has translated through to levy growth in 2016/17 in the non-residential levy sector and a significant turnaround in the organisation's financial results when compared to budget.

An operating deficit of $5.8 million against a budgeted deficit of $31.7 million for the year ending 30 June 2017 largely arose from an increase in revenue, as set out in Table 21. We continued to manage expenses within a 'business as usual' environment, but large and numerous rural fires, in addition to the operational response to the Kaikoura earthquake, pushed response expenses over budget.

Table 21 Financial results for 2016/17 compared to budget ($ million)

	Actual 2017	Unaudited Budget 2017	Variance 2017
Revenue			
Levy	392.3	368.3	24.0
Other	25.4	15,5	9.9
Total revenue	**417.7**	**383.8**	**33.9**
Expenses			
Employee and volunteer benefits	271.5	275.7	4.2
Depreciation and amortisation	40.3	40.3	–
Other expenses	111.7	99.6	(12.1)
Total expenses	**423.5**	**415.6**	**(7.9)**
Changes in equity during year	**(5.8)***	**(31.7)**	**26.0***

* Before revaluation gain on property of $49.2 million.

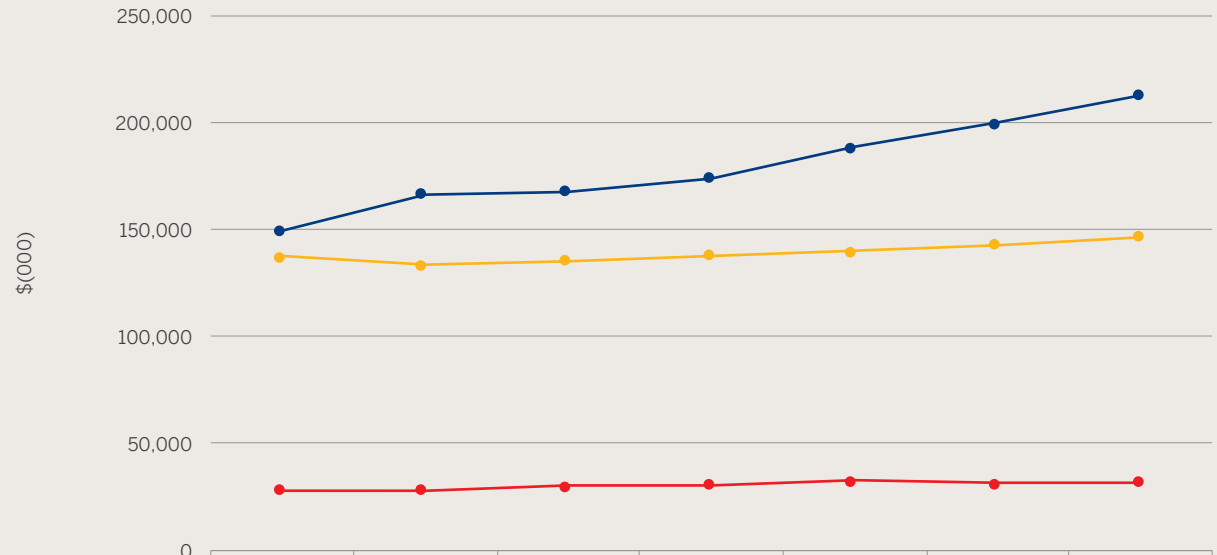
[14] National Construction Pipeline Report 2016 published by MBIE, Building Research Association of New Zealand and Pacifecon.

Operating revenue

Operating revenue was $33.9 million over budget, $24.0 million of which was attributable to the increase in levy revenue.

Levies are derived from three sectors: residential, motor vehicles and non-residential. Whilst the residential and motor vehicle sectors delivered close to expectation, receipts from the non-residential sector were significantly above expectation. Within the non-residential sector, receipts relating to material damage policies[15] accounted for nearly $16.0 million of the variance, while contract works policies accounted for $7.6 million. Non-residential insurance and levies are driven by commercial decisions that are strongly influenced by economic and risk factors.

Figure 5 Annual levy receipts by sector



	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Residential	136,468	132,494	134,594	136,982	138,999	142,003	145,269
Non-residential	148,377	165,620	166,577	172,976	187,482	198,697	211,628
Motor vehicles	26,757	27,036	28,658	29,725	31,695	30,277	30,913

The levy budget for the 2016/17 financial year was $368.3 million. This was less than the 2015/16 financial year receipts ($371.0 million) because:

- the 2016/17 financial year budget was set in April 2016 (to meet reporting requirements), following which the Board experienced an unforeseen increase in expected levy receipts prior to year-end
- although the budget for the 2016/17 financial year correctly assumed that one of the largest levy payers would put in place a scheme to reduce its levy to pre-Insurance Brokers Association of New Zealand (IBANZ) litigation[16] levels, this did not have as significant an impact on levy as was forecast.

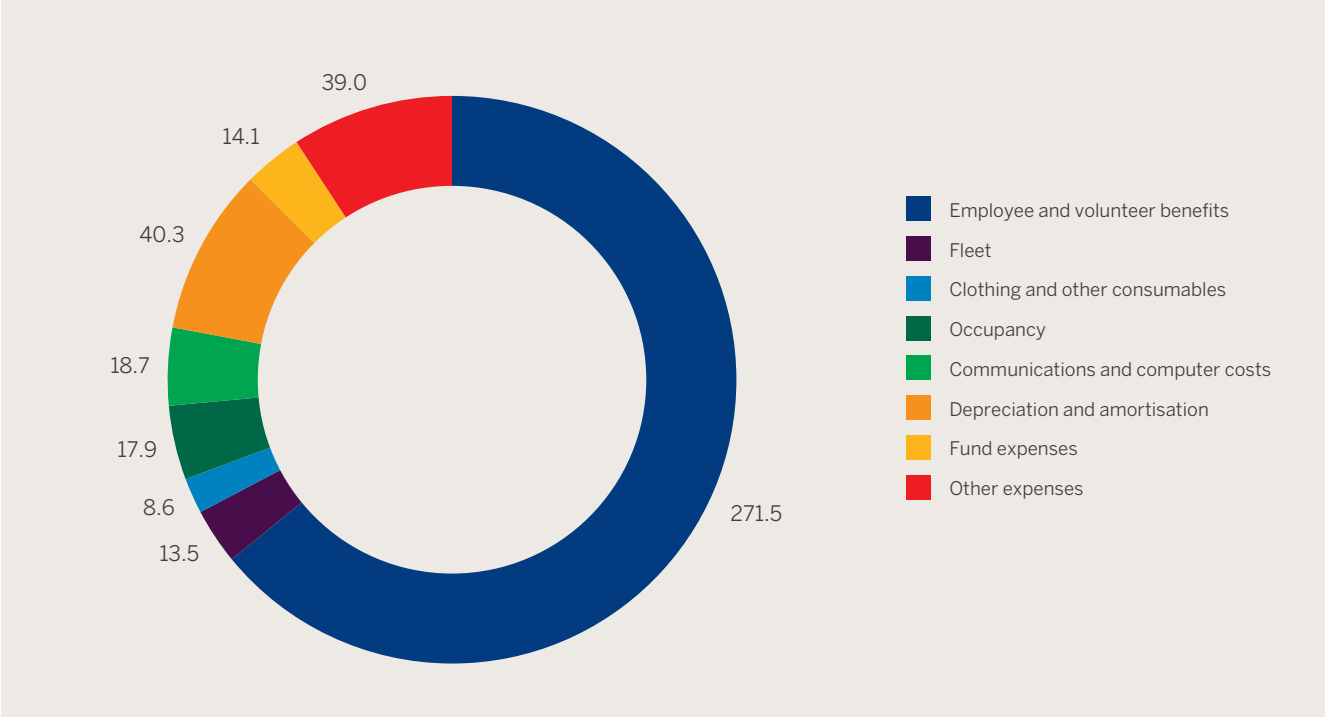
These factors, with the additional levy received from contract works policies (driven by commercial construction), were the primary reasons for the Board reporting a positive variance of $24.0 million for levy revenue this financial year.

Other revenue was ahead of budget by $9.9 million primarily due to the gain on sale of the Ponsonby fire station ($3.6 million over budget), which netted a gain on sale of $5.4 million, and contributions from DOC to cover the costs of fire suppression on public conservation land ($3.8 million over budget), due largely to the cost of the Port Hills fires in Christchurch.

[15] Material damage insurance reinstates the asset that was lost or damaged to the same condition as it was in before the fire, flood or earthquake event occurred.
[16] *New Zealand Fire Service Commission v Insurance Brokers Association of New Zealand Inc* [2015] NZSC 59.

Operating expenses

Figure 6 Total operating expenses by category ($ million)



The underlying cost structure of the organisation remained similar to that of previous years, with the expense base being dominated by personnel (64%) and depreciation (9%), the latter of which reflects the high fixed asset base ($776.4 million).

Overall, operating expenses came in $7.9 million over budget. Most of this variance was attributable to activity outside our plans, namely the Port Hills fires ($6.7 million) and the response to the Kaikoura earthquake ($1.5 million). The small magnitude of this variance reflects the fact that whilst we have a core readiness capability that remains largely unchanged, we can use this readiness to respond to incidents that are over and above what would be considered our business as usual. Revision of the Act means that more of these activities will fall within our future mandate, but our ability to recover additional costs has been lost in many circumstances.

In the 2016/17 financial year, we dealt with many large events that required the deployment of considerable resources. These included the Kaikoura earthquake response, and fires in the Port Hills, the Chatham Islands ($1.1 million), Waimarama Road – Hawke's Bay ($1.1 million) and Broken River ($0.6 million). Some of these increases in cost were offset in part by a write back of the employee liabilities for long service leave and gratuities, as actuarial valuations of these provisions reduced their liabilities off the back of rising discount rates.

Funding injection

During the year, the Government provided a repayable funding injection of $26.0 million. This was the first drawdown of up to $112.0 million over four years to amalgamate and integrate 40 organisations into Fire and Emergency New Zealand. Repayment of the funding injection will commence in the 2017/18 financial year, following which any balance owing will be reflected as a loan on the organisation's balance sheet. It is anticipated that this will be repaid from levy over a period of nine years. It has been agreed that repayments will be based upon the following in Table 22.

Table 22 Repayable funding injection ($ million)

Repayment due date	Amount
30 June 2018	9.0
30 June 2019	12.0
30 June 2020	13.0
30 June 2021	13.0
30 June 2022	13.0
30 June 2023	13.0
30 June 2024	13.0
30 June 2025	13.0
30 June 2026	13.0

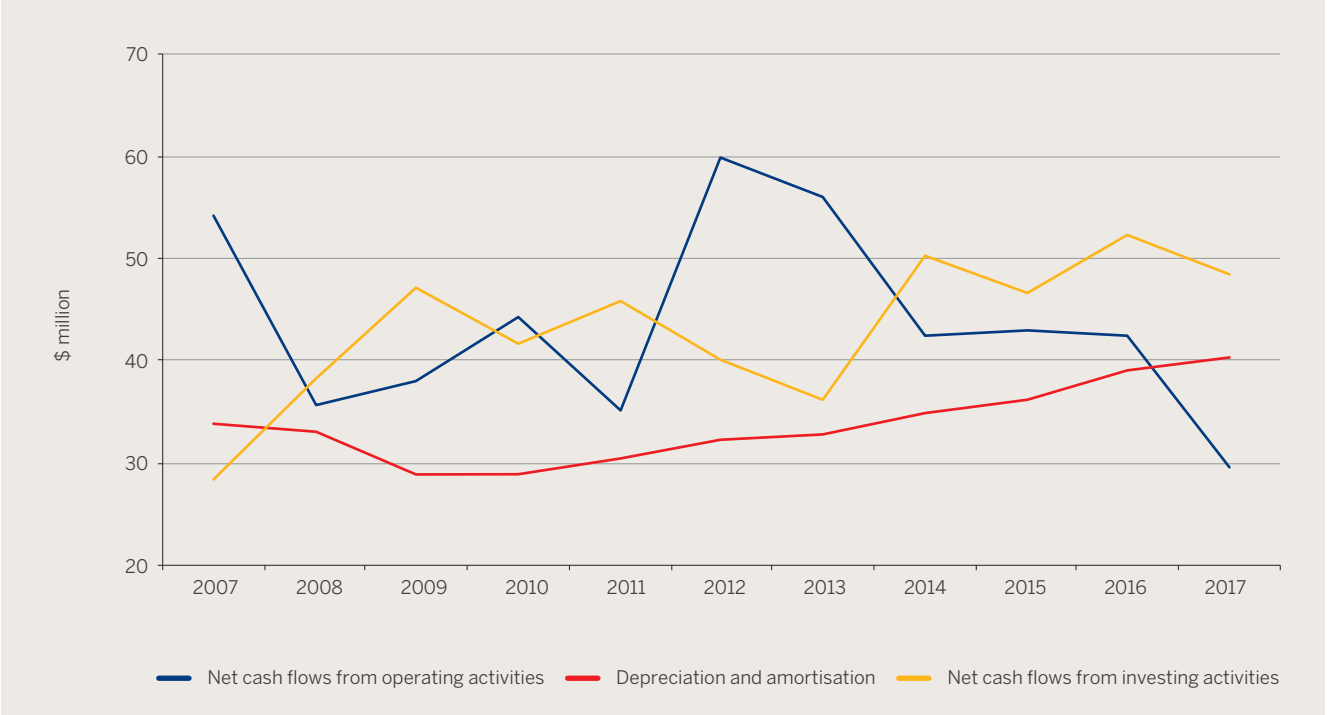
Cash and cash equivalents

The closing balance of cash and cash equivalents was $48.1 million, which was $29.5 million ahead of budget for two reasons:

1. We recorded a $5.4 million net inflow of cash against a budgeted net cash outflow of $15.9 million.
2. There was an $8.2 million favourable variance in the opening cash balance.

Of the $26.0 million funding injection that was received from the Government to fund the amalgamation of the 40 legacy organisations into Fire and Emergency New Zealand, $21.9 million was applied to operating expenditure excluding depreciation and $3.2 million was applied to capital expenditure. At year end, $0.9 million of these funds remained unspent (due to a delay in an ICT system procurement), which is reflected in the bank balance at 30 June 2017.

Figure 7 Fire Service cash flow trends 2007–2017

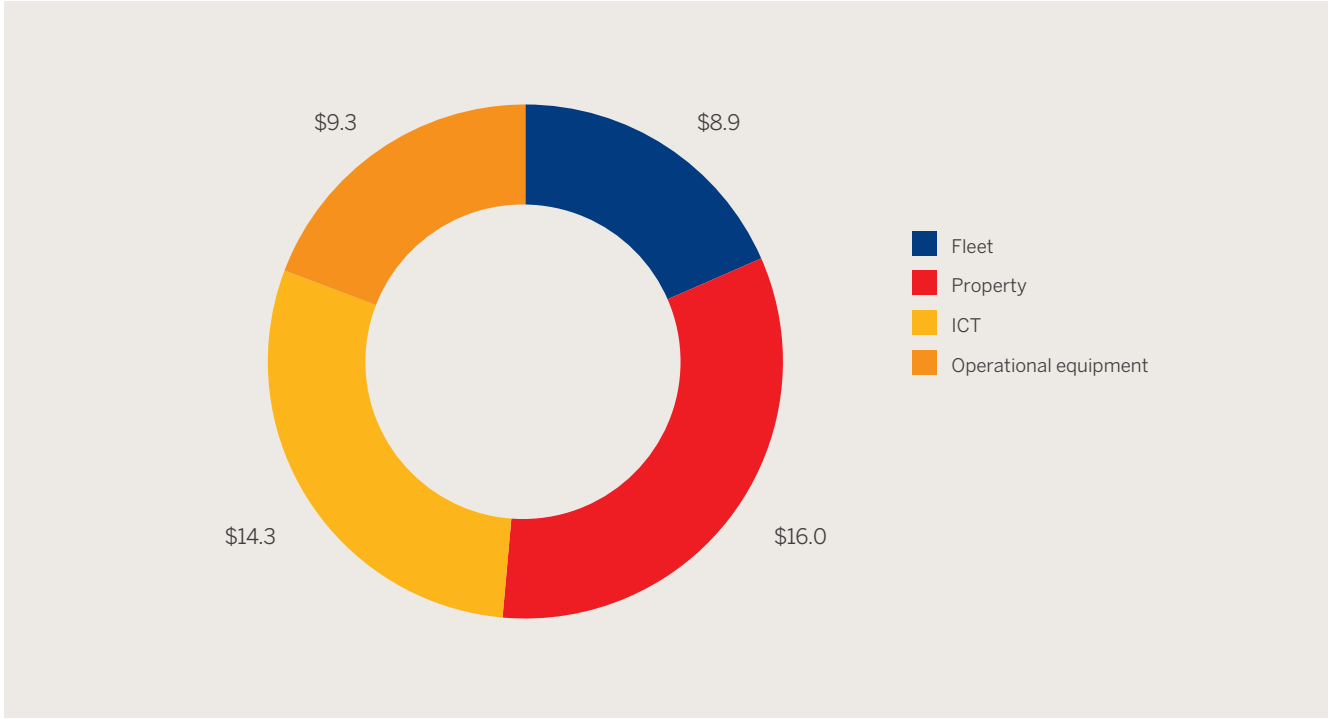


The Fire Service is an asset-intensive organisation and needs to ensure that its assets are continually being maintained and reinvigorated. Consequently, as shown in Figure 7, there is an ongoing gap in funding between capital expenditure and depreciation, which has been managed through utilisation of cash and investments. Page 53 provides an overview of our capital investment approach.

Capital expenditure

Figure 8 provides a breakdown of the net capital expenditure by category.

Figure 8 Net capital expenditure by category ($ million)



The organisation holds over $500 million of property assets. This includes a revaluation gain of over $49 million in 2016/17, which reflects the distribution of fire stations, particularly in the major cities. Since fire stations are positioned to match risk, they are only ever disposed of to reposition into new stations that allow the more effective redistribution of resources. Consequently, fire stations are not disposed of without already having reinvested elsewhere in the community.

We continued to invest in capital infrastructure this financial year, with a net spend of $48.5 million compared to a budgeted spend of $47.9 million. Net capital expenditure of $16.0 million was on property (land, acquisitions, new builds and refurbishments), of which $1.9 million was for land acquisitions, $0.2 million related to seismic upgrading, $9.0 million related to the Christchurch rebuild and $4.9 million related to refurbishments to existing stations. The investment in property this year resulted in a further five fire stations being deemed earthquake resilient.

The fleet capital programme aims to replace existing end-of-life appliances to maintain the current fleet size. This financial year, we took delivery of 31 new appliances and various support vehicles. However, the fleet capital programme was delayed due to issues that arose with the production of Type 3 MAN appliances. Therefore, this capital was reallocated to accelerate future capital programmes and alleviate future capital pressures when an increase in fleet production is required to compensate for this year's break in production.

Of this year's capital expenditure, $3.1 million related to the Transition Project team:

- $0.4 million to provide amenities and equipment for the Transition Project team to operate in their accommodation.
- $0.7 million to set up the new Fire and Emergency New Zealand intranet.
- $2.0 million for IT setup for the transition office, enhancement of the SMS, and development work on the finance, People & Capability and training systems.

Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2017

	Note	Actual 2017 $000	Unaudited Budget 2017 $000	Actual 2016 $000
Revenue				
Levy	2	392,278	368,299	372,466
Interest revenue	2	1,747	1,674	1,969
Other revenue	2	23,702	13,873	14,837
Total revenue		**417,727**	**383,846**	**389,272**
Expense				
Employee and volunteer benefits expense	3	271,472	275,668	255,282
Depreciation	11	37,714	36,289	36,208
Amortisation	12	2,606	4,003	2,950
Finance costs	4	292	633	404
Other expense	5	97,350	95,845	90,470
Rural Firefighting Fund claims expense	6	14,137	3,134	3,521
Total expense		**423,571**	**415,572**	**388,835**
Net surplus/(deficit) attributable to the Commission		**(5,844)**	**(31,726)**	**437**
Other comprehensive revenue and expense				
Item that will not be reclassified to surplus/(deficit)		—	—	—
Gains/(losses) on revaluation of land and buildings net of impairment losses	18	49,207	13,332	34,735
Total other comprehensive revenue and expense		**49,207**	**13,332**	**34,735**
Total comprehensive revenue and expense		**43,363**	**(18,394)**	**35,172**

The accompanying notes on pages 86 to 123 form part of these financial statements and explanations of significant variances are provided within them.

Statement of Financial Position

as at 30 June 2017

	Note	Actual 2017 $000	Unaudited Budget 2017 $000	Actual 2016 $000
Assets				
Current assets				
Cash and cash equivalents	7	48,125	18,639	42,757
Trade and other receivables	8	86,548	84,946	78,298
Prepayments	9	1,857	1,580	1,258
Non current assets held for sale	10	898	—	6,510
Total current assets		**137,428**	**105,165**	**128,823**
Non-current assets				
Property, plant and equipment	11	761,783	718,788	693,746
Intangible assets	12	14,581	4,271	6,000
Total non-current assets		**776,364**	**723,059**	**699,746**
Total assets		**913,792**	**828,224**	**828,569**
Liabilities				
Current liabilities				
Trade and other payables	13	37,893	33,900	29,045
Employee and volunteer benefits	14	33,550	29,098	30,730
Borrowings	15	9,896	238	1,362
Provisions	16	1,785	1,750	1,852
Unamortised gain on sale and leaseback	17	—	—	92
Total current liabilities		**83,124**	**64,986**	**63,081**
Non-current liabilities				
Employee and volunteer benefits	14	38,428	37,108	39,764
Borrowings	15	23,136	41,678	773
Provisions	16	2,291	2,711	2,598
Total non-current liabilities		**63,855**	**81,497**	**43,135**
Total liabilities		**146,979**	**146,483**	**106,216**
Net assets		**766,813**	**681,741**	**722,353**
Equity				
Accumulated funds		559,687	519,158	559,208
Levy variability reserve		—	10,000	—
Major emergencies response reserve		—	15,000	—
Seismic resilience reserve	7	21,245	—	23,345
Seismic contingency reserve		—	5,000	—
Crown funding injection	15	1,097	—	—
Revaluation reserves	18	185,810	132,583	139,219
Rural Firefighting Fund	6	(1,026)	—	581
Total equity		**766,813**	**681,741**	**722,353**

The accompanying notes on pages 86 to 123 form part of these financial statements and explanations of significant variances are provided within them.

Statement of Changes in Equity

as at 30 June 2017

	Note	Actual 2017 $000	Unaudited Budget 2017 $000	Actual 2016 $000
Equity at beginning of year				
Accumulated funds		559,208	549,840	512,135
Levy variability reserve		—	10,000	10,000
Major emergencies response reserve		—	15,000	15,000
Seismic resilience reserve		23,345	—	25,655
Seismic contingency reserve		—	5,000	5,000
Christchurch insurance proceeds		—	—	12,226
Crown funding injection		—	—	—
Revaluation reserves	18	139,219	119,251	106,307
Rural Firefighting Fund		581	1,044	857
Total equity at beginning of year		**722,353**	**700,135**	**687,180**
Changes in equity during year				
Transfers from Statement of Comprehensive Revenue and Expense				
Accumulated funds		(4,237)	(30,682)	713
Revaluation reserves	18	49,207	13,332	34,735
Rural Firefighting Fund	6	(1,607)	(1,044)	(276)
Total comprehensive revenue		**43,363**	**(18,394)**	**35,172**
Transfers to reserves				
Accumulated funds	7	2,100	—	44,536
Levy variability reserve		—	—	(10,000)
Major emergencies response reserve		—	—	(15,000)
Seismic resilience reserve	7	(2,100)	—	(2,310)
Seismic contingency reserve		—	—	(5,000)
Christchurch insurance proceeds		—		(12,226)
Total transfers to reserves		—	—	—
Transfers from disposal of land and buildings				
Accumulated funds	18	2,616	—	1,823
Revaluation reserves	18	(2,616)	—	(1,823)
Total transfers from disposal of land and buildings		—	—	—
Crown funding injection				
Fair value write down	15	1,097	—	—
Total Crown funding injection		**1,097**	**—**	**—**
Total changes in equity during year		**44,460**	**(18,394)**	**35,172**
Equity at end of year				
Accumulated funds		559,687	519,158	559,208
Levy variability reserve		—	10,000	—
Major emergencies response reserve		—	15,000	—
Seismic resilience reserve	7	21,245	—	23,345
Seismic contingency reserve		—	5,000	—
Christchurch insurance proceeds		—	—	—
Crown funding injection	15	1,097	—	—
Revaluation reserves	18	185,810	132,583	139,219
Rural Firefighting Fund	6	(1,026)	—	581
Total equity at end of year		**766,813**	**681,741**	**722,353**

The accompanying notes on pages 86 to 123 form part of these financial statements and explanations of significant variances are provided within them.

Statement of Cash Flows

for the year ended 30 June 2017

	Note	Actual 2017 $000	Unaudited Budget 2017 $000	Actual 2016 $000
Cash flows from operating activities				
Receipts from levy		387,810	367,263	370,977
Receipts from other revenue		13,848	38,055	13,651
Interest received		1,779	1,724	2,059
Net GST received/(paid)		(2,110)	3,379	947
Payments to employees and volunteers		(270,187)	(275,473)	(251,072)
Payments to suppliers for goods and services		(101,398)	(101,068)	(91,748)
Net cash flows from operating activities	19	**29,742**	**33,880**	**44,814**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		12,076	11,700	133
Proceeds from sale of property, plant and equipment – finance lease		7,719	92	—
Purchase of intangible assets		(11,186)	(2,929)	(2,914)
Purchase of property, plant and equipment		(57,149)	(56,779)	(51,761)
Net cash flows from investing activities	11	**(48,540)**	**(47,916)**	**(54,542)**
Cash flows from financing activities				
Interest paid		(108)	(536)	(323)
Payments on finance leases		(1,687)	(1,362)	(1,741)
Net proceeds/(repayments) of loan		25,961	—	—
Net cash flows from financing activities		**24,166**	**(1,898)**	**(2,064)**
Net increase/(decrease) in cash and cash equivalents		5,368	(15,934)	(11,792)
Cash and cash equivalents at the beginning of the year		42,757	34,573	54,549
Cash and cash equivalents at the end of the year	7	**48,125**	**18,639**	**42,757**

The accompanying notes on pages 86 to 123 form part of these financial statements and explanations of significant variances are provided within them.

Notes to the Financial Statements

1. Statement of Accounting Policies

Reporting entity

The New Zealand Fire Service Commission (the Commission) is a body constituted under section 4(1) of the Fire Service Act 1975. The Commission is a Crown entity as defined by the Crown Entities Act 2004 and the ultimate parent is the New Zealand Crown. The primary objective of the Commission is to provide services in New Zealand for community benefit rather than to make a financial return. The Commission has designated itself as a public benefit entity (PBE) for financial reporting purposes. These financial statements for the Commission are for the year ended 30 June 2017 and were authorised for issue by the Board on 31 October 2017.

These financial statements for the Commission will be its final set of statements. The Minister of Internal Affairs announced on 13 November 2015 that the Government had agreed to bring urban and rural fire services together into one unified fire services organisation. The new organisation will have regional committees that will ensure the particular interests of the regions are taken into account. Consequently, from 1 July 2017, the New Zealand Fire Service Commission as a body constituted under section 4(1) of the Fire Service Act 1975 will cease to exist. It will be replaced by Fire and Emergency New Zealand, which will be governed by the Fire and Emergency New Zealand Act 2017 that was passed in May 2017. The new organisation will be an amalgamation of the New Zealand Fire Service, the NRFA (which are both part of the New Zealand Fire Service Commission) and 38 RFAs, including ERFDs.

Basis of preparation

Statement of compliance

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

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

Presentation currency and rounding

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

Standards issued and not yet effective and not early adopted

In January 2017, the External Reporting Board (XRB) issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 will be effective for annual periods beginning on or after 1 January 2021.

In April 2017, the XRB also issued Impairment of Revalued Assets, which clearly scopes in revalued property, plant and equipment in the impairment accounting standards. The Commission has not early adopted these amendments in preparing its 30 June 2017 financial statements and expects there will be no effect in applying these amendments.

Changes in accounting policies

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

Comparative information

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

Summary of significant accounting policies

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

Volunteer services

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

Foreign currency transactions

Foreign currency transactions are translated into NZ$ (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.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis by the Commission are measured at cost, adjusted, when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal cost, the cost is deemed to be the current replacement cost at the date of acquisition. The amount of any write-down for the loss of service potential is recognised in the surplus or deficit in the period of the write down.

Equity

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

Statement of Cash Flows

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

Goods and Services Tax

Figures reported in the financial statements are 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 Department (IRD), is included as part of receivables or payables in the Statement of Financial Position. Commitments and contingencies are disclosed as GST exclusive. The Statement of Cash Flows has been prepared on a net GST basis, with cash receipts and payments presented GST exclusive. A net GST presentation has been chosen to be consistent with the presentation of the Statement of Comprehensive Revenue and Expense and Statement of Financial Position. The net GST paid to or received from IRD, 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

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

Budget figures

The budget figures were approved by the Commission on 17 May 2016 as part of the SPE. The budget figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

Expense allocation

The Commission allocates expense to outputs as follows:

- Direct costs are expense (including the Rural Firefighting Fund) directly attributable to an output that are charged to that output.
- Indirect costs are all costs other than direct costs and are apportioned across all outputs based on the percentage of each output to total direct expense (excluding the Rural Firefighting Fund).
- The Rural Firefighting Fund received an indirect cost allocation of $0.4 million this year (2016: $0.4 million).

Revenue allocation

Other revenue that is directly related to outputs is allocated to those outputs. An amount that cannot be directly related to outputs is allocated based on the proportion of gross expense allocated to the outputs. Net expense is total expense less revenue.

- Levy revenue is allocated to each output based on the proportion of net expense allocated to the outputs.
- Revenue that is directly related to outputs is allocated to those outputs.
- An amount that cannot be directly related to outputs is allocated based on the proportion of gross expense allocated to the outputs.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity 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 assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Property, plant and equipment, and intangible assets' useful lives and residual values — refer to Notes 11 and 12.
- Long service leave and gratuities — refer to Note 14.

Critical judgements in applying the Commission's accounting policies

Management has exercised the following critical judgements in applying the Commission's accounting policies for the year ended 30 June 2017:

- Lease classification — refer to Note 15.

2. Revenue

Accounting policy

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

Levy

The Commission recognises levy revenue on an accrual basis as per the requirement of PBE IPSAS 23.

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

Provision of services

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

Interest revenue

The Commission recognises interest revenue using the effective interest rate method, which recognises interest as earned.

Rental revenue

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

Donated assets

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

Where a physical asset is gifted to or acquired by the Commission 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 reference to the retail price of the same or similar assets at the time the asset was received.
- For used assets, fair value is usually determined by reference to market information for assets of a similar type, condition and age.

Breakdown of revenue and further information

i) Levy

	Actual 2017 $000	Unaudited Budget 2017 $000	Actual 2016 $000
Levy contributions	391,280	367,909	372,182
Penalty interest	521	285	173
Penalty surcharge	477	105	111
Total levy revenue	**392,278**	**368,299**	**372,466**

Levy contributions

Levy revenue was 6.5% ($23.4 million) over budget for the year. This variance predominantly resulted from increased collections from Contracts Work Insurance Policies, which were in excess of budget expectations, and Non-Residential Policies during the year. Excluded are levies paid by the Commission on their own insurances during the year, which amounted to $0.5 million (2016: $0.5 million).

Penalty interest and surcharge

Penalty interest and surcharge receipts were $1.0 million (2016: $0.3 million), which was in excess of budget. These are determined by the number of levy payers who contravene the levy provisions, as well as the timeframe and size.

Levy receipts — Rural Firefighting Fund

The Minister of Internal Affairs determines each year the amount of levy to be paid to the Rural Firefighting Fund — refer to Note 6 Net surplus/(deficit) attributable to the Rural Firefighting Fund.

ii) Interest revenue

Interest revenue was over budget by $0.1 million. This was primarily due to higher then anticipated cash and cash equivalent balances, as interest rates were stable throughout the year.

iii) Breakdown of other revenue and further information

	Note	Actual 2017 $000	Unaudited Budget 2017 $000	Actual 2016 $000
False alarms		4,844	4,070	4,356
Good corporate citizen contributions		2,306	2,280	1,883
Monitoring private fire alarms		1,963	1,779	1,889
Sponsorship		18	20	—
Commercial services		727	500	632
Insurance proceeds		35	—	—
Rural Firefighting Fund		851	1,040	970
Gain on disposal of property, plant and equipment	19	5,566	2,000	133
Rental revenue		474	453	481
Amortisation of gain on sale and leaseback	17	92	92	184
Donations		1,021	—	507
Net foreign exchange gains	19	8	—	2
Miscellaneous revenue		5,797	1,639	3,800
Total other revenue		**23,702**	**13,873**	**14,837**

False alarms

As well as being above budget expectations, the number of actual false alarms attended this year was higher than in previous years. A false alarm charge is automatically generated if more than two call outs occur in a 12-month period for an individual premises. The onus is on building owners to address the cause of the false alarms. There is an initiative to reduce the number of non-good intent false alarms by educating those causing the false alarms to improve their systems. Some charges may be waived where those responsible work with fire safety officers and invest in improving their systems. There has been no increase in the rate ($1,000 plus GST) by the Commission for more than 10 years.

Good corporate citizen contributions

During the year, the Commission received good citizen contributions from Housing New Zealand, BP Oil New Zealand Limited, the Reserve Bank of New Zealand and New Zealand Police. These organisations do not have an obligation to pay the fire service levy but choose to make a contribution to the Commission to assist with the provision of essential services. The total contribution this year was higher than the previous year because there was no contribution from New Zealand Police in 2015/16.

Commercial services

Revenue in this category is predominantly generated from building advisory services, which is based on the number of building evacuation plans submitted for review. The number of plans being submitted has increased due to growth in the building industry.

Gain on disposal of property, plant and equipment

The Ponsonby fire station, which had been identified as surplus to the Commission's requirements, was sold during this financial year. The sale, which had been budgeted to occur in the 2015/16 financial year, resulted in a significant gain on disposal of $5.4 million. Fire appliances and motor vehicles that had reached the end of their operational life were disposed of. The gain on fire appliance and motor vehicle disposals was $0.1 million.

Rural Firefighting Fund

Included above are other receipts paid to the Rural Firefighting Fund. For an overview of these receipts, refer to Note 6 Net surplus/(deficit) attributable to the Rural Firefighting Fund.

Donations

The favourable variance against budget in this category was a consequence of non-cash capital expenditure donations and cash contributions of $0.5 million from brigades and MFAT of $0.5 million towards capital expenditure projects in which they had a vested interest.

Miscellaneous revenue

An unbudgeted $4.0 million contribution from DOC to top up its share of the Rural Firefighting Fund was the main contributor to the variance in this category (2016: $2.0 million).

3. Employee and volunteer benefits expense

Accounting policy

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

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

Breakdown of personnel costs and further information

	Actual 2017 $000	Unaudited Budget 2017 $000	Actual 2016 $000
Salaries and wages	222,404	217,131	212,040
Employer contributions to defined contribution plans	18,178	18,047	17,582
ACC levies	621	1,299	813
Other employee and volunteer benefits expense	30,269	39,191	24,847
Total employee and volunteer benefits expense	**271,472**	**275,668**	**255,282**

Though there were differing variances under the various categories that make up personnel costs, overall personnel cost as a whole were $4.2 million below budget. Explanations for the variances in the various categories are provided below.

Salaries and wages

Salaries and wages came in under budget but were higher than last year, primarily due to additional head count requirements for the Transition Project team, which was tasked to facilitate the amalgamation of the New Zealand Fire Service, the NRFA and 38 RFAs to form Fire and Emergency New Zealand. Staff were brought onto the Transition Project team on fixed-term contracts rather than as contractors to ensure cost effectiveness and standardised staff terms and conditions. In addition, an estimate for holiday pay remediation payments of $3.2 million as a result of the implementation of the Holiday's Act also affected the outcome of this category. Total salaries and wages attributable to the Transition were $3.0 million against a budget of $0.7 million.

Employer contributions to defined contribution plans

Contributions were unfavourable when compared to budget. The increase from the previous year is in line with the increase in base remuneration. Employer contributions to defined contribution plans include contributions to KiwiSaver, the State Sector Retirement Savings Scheme, the New Zealand Fire Service Superannuation Scheme and the National Provident Fund Defined Benefit Plan Scheme.

Accident Compensation Corporation levies

ACC levies were favourable against budget and lower than the previous year primarily due to the value of the ACC Partnership Programme liability reducing as a consequence of the annual actuarial valuation of the liability. It had been anticipated that the value of the liability on the ACC Partnership Programme would increase.

Other employee and volunteer benefits expense

Other employee and volunteer benefits expense was under budget primarily due to an underspend on contractors for the Transition Project team, offsetting the overspend in salaries and wages. Other significant areas with underspend were favourable actuarial revaluations of long service leave, gratuities and volunteer gratuities due to higher discount rates. The operating grant provided to the UFBA had been budgeted under employee and volunteer benefits expense, while actual expense was allocated to grants expense. Total other employee and volunteer benefits expense attributable to the Transition was $13.7 million against a budget of $17.7 million.

Remuneration of employees

Total remuneration paid or payable

	Actual 2017	Actual 2016
$100,000 – $109,999	324	301
$110,000 – $119,999	196	192
$120,000 – $129,999	173	166
$130,000 – $139,999	140	100
$140,000 – $149,999	64	41
$150,000 – $159,999	33	23
$160,000 – $169,999	10	15
$170,000 – $179,999	11	9
$180,000 – $189,999	7	4
$190,000 – $199,999	4	4
$200,000 – $209,999	8	3
$210,000 – $219,999	3	4
$220,000 – $229,999	2	1
$240,000 – $249,999	5	1
$260,000 – $269,999	—	1
$270,000 – $279,999	—	2
$280,000 – $289,999	5	2
$360,000 – $369,999	—	1
$380,000 – $389,999	1	—
$500,550 – $600,000 (Chief Executive and National Commander)	1	1
Total employees	**987**	**871**

Of the 116 count increase, there were 54 employees from National Headquarters or Region management and a further 62 from regional operations. There were 13 employees in management roles who commenced part way through 2015/16 and have now moved into this threshold having completed a full year.

The remuneration values disclosed above include overtime payments. Consequently, events such as severe weather where firefighters work extra hours to attend weather-related call outs over the period of the event have an impact on the number of employees that then go over the $100,000 banding. In addition, the Kaikoura earthquake also had an impact this year.

Cessation payments

Gratuities were paid out in accordance with the Fire Service Act 1975 to employees who ceased employment with the Fire Service following a minimum of 10 years' service. There were 60 employees (2016: 77 employees) who received gratuities, costing a total of $2.1 million (2016: total cost $2.3 million).

There were no severance payments during the year (2016: three employees, $0.1 million).

Remuneration of the Board and Committee members

		Note	Actual 2017 $000	Actual 2016 $000
Hon. Paul Swain (from 1 April 2016)	Chair		61	13
Rt Hon. Wyatt Creech (to 31 March 2016)	Chair		–	41
Dr Nicola Crauford (from 1 April 2016)	Deputy Chair		33	6
David McFarlane (to 31 March 2016)	Deputy Chair		–	20
Te Arohanui Cook (from 1 April 2016)	Member		24	5
Peter Drummond (from 1 April 2016)	Member		24	5
Angela Hauk-Willis	Member		25	23
Vicki Caisley (to 31 March 2016)	Member		–	16
Rangi Wills (to 31 March 2016)	Member		–	17
Total remuneration of the Board			**169**	**146**
Angela Hauk-Willis (Audit and Risk Committee)	Chair		2	–
Peter Taylor (Audit and Risk Committee)	Member		6	1
Total for year		5, 26	**175**	**147**

On 31 March 2016, the terms of Rt Hon. Wyatt Creech, Vicki Caisley, Angela Hauk-Willis, David McFarlane and Rangi Wills as Commission members came to a conclusion. The Hon. Paul Swain, Dr Nicola Crauford and Peter Drummond were appointed to the Board and commenced their three-year term on 1 April 2016. Angela Hauk-Willis and Te Arohanui Cook were appointed to the Board and commenced their two-year term on 1 April 2016.

During the year, no transactions were entered into with any member of the Board other than for the payment of their fees and the reimbursement of their expenses, and no members received any other compensation or benefits relating to cessation (2016: $nil).

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

4. Finance costs

Accounting policy

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

	Actual 2017 $000	Unaudited Budget 2017 $000	Actual 2016 $000
Finance charge on finance lease	230	536	246
Other	62	97	158
Total finance costs	**292**	**633**	**404**

Finance charges on finance lease were under budget but similar to the previous year primarily due to the leasing of Incident Ground Command (IGC) radios starting later than had been anticipated.

5. Other expense

Breakdown of other expenses and further information

	Note	Actual 2017 $000	Unaudited Budget 2017 $000	Actual 2016 $000
Auditors – Audit NZ fees for statutory audit		200	207	195
Auditors – Audit NZ fees for other services		29	44	—
Other audit fees for other services		57	50	47
Remuneration of Commission and Committee members	3	175	152	147
Fleet		13,517	13,715	13,889
Occupancy		17,901	17,055	17,230
Clothing and other consumables		8,569	8,452	8,968
Communications		8,016	11,003	6,643
Publicity and advertising		5,243	5,694	4,927
Grants		6,094	4,570	4,648
Impairment of receivables		229	—	349
Loss on disposal of property, plant and equipment	19	228	400	2,240
Computer maintenance and support		8,862	7,574	7,262
Insurance		1,374	1,621	1,653
Printing, stationery and postages		1,611	1,181	1,387
Professional fees and consultants		6,697	8,508	4,991
Repairs and maintenance		3,087	2,884	3,342
Research		1,128	936	819
Travel		9,400	7,479	7,384
Other expense		4,933	4,320	4,349
Total other expense		**97,350**	**95,845**	**90,470**

Fleet

Fleet costs were $0.2 million favourable to budget and $0.4 million lower than last year primarily due to underspend on costs to fit-out MAN fire appliances as fewer new appliances were rolled out than had been anticipated. Of the total fleet costs, $2.3 million (2016: $2.2 million) related to operating leases on motor vehicles.

Occupancy

Occupancy costs were $0.9 million unfavourable to budget mainly due to increased responsive maintenance work to the Commission's properties that were not part of the annual programmed maintenance. Occupancy operating lease costs for the year were $3.2 million (2016: $3.1 million). Total occupancy costs attributable to the Transition were $0.4 million against a budget of $0.2 million.

Clothing and other consumables

This category had an unfavourable variance of $0.1 million against budget due to costs incurred in the Kaikoura earthquake. Costs were $0.4 million lower than last year due to the expected replacement of protective clothing, e.g. gloves, helmets and boots, being lower than anticipated.

Communications

Communications costs were underspent against budget by $3.0 million due to the Paging Network project costs, which had been budgeted as operational expense but have been treated as capital expenditure, and lower than budgeted costs for ICT Transformation projects e.g. Desktop Refresh and Stage 2 Mobility. Costs have increased by $1.4 million from last year due to one off costs relating to the purchase of new IGC radios, increased cell phone replacement and pager purchases, and transition-related costs of $0.1 million.

Grants

The overspend relates to the operating grant provided to the United Fire Brigade, which had been budgeted under employee and volunteer benefits expense.

Computer maintenance

This category had an unfavourable variance of $1.3 million against budget due to overspend of $0.8 million on the Transition Project and $0.5 million on projects that were budgeted under Communications but did not fit into the Communications category by definition. Costs were $1.6 million higher than last year due to the Transition Project ($0.8 million) and the roll out and implementation of the IGC radios project ($0.8 million).

Professional fees and consultants

This category had a favourable variance of $1.7 million against budget due to the reallocation of budget related to the Transition to other categories in the project, e.g. travel. Professional fees and consultants were $1.7 million higher than last year due to new spending from the Transition Project.

Travel

Travel costs were unfavourable by $2.0 million against budget and higher than last year due to increased activity for the Transition of $1.5 million, unexpected costs related to the Kaikoura earthquake of $0.2 million and increased costs of training-related travel of $0.2 million.

6. Rural Firefighting Fund

Accounting policy

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

Net surplus/(deficit) attributable to the Rural Firefighting Fund

	Actual 2017 $000	Unaudited Budget 2017 $000	Actual 2016 $000
Revenue			
Levy	7,592	1,050	240
Department of Conservation	4,087	—	2,035
Other revenue	851	1,040	970
Total revenue	**12,530**	**2,090**	**3,245**
Deduct claims expense	(14,137)	(3,134)	(3,521)
Net surplus/(deficit) attributable to the Rural Firefighting Fund	**(1,607)**	**(1,044)**	**(276)**

The RFFF reserve closing balance at year end was ($1.0 million) (2016: $0.6 million).

Levy

The Minister is asked annually to authorise the allocation of levy receipts to the RFFF under section 46H of the Fire Service Act 1975.

Department of Conservation

The major claim fires in the current year have pushed up DOC's average claims for the last five years to $2.0 million (2016: $1.0 million). As a result of major fires at the Port Hills, Mt Horrible and Broken River during the year, DOC's RFFF balance fell below the minimum balance as required by legislation. Therefore DOC contributed $4.1 million to the RFFF this financial year. DOC's RFFF closing balance was $1.2 million. With the transition to Fire and Emergency New Zealand on 1 July 2017, the RFFF will cease to exist under the new legislation and will be wound up by December 2017, as all fire claims pre 1 July 2017 were settled. A reconciliation will be carried out in December 2017 to establish DOC's contribution to wind up the fund.

Other revenue

Recoveries of $0.8 million (2016: $0.9 million) were received from parties responsible for fires. Major fire costs recovered were for Caroline Valley in Southland ($0.6 million) and Rowallan Road in Canterbury ($0.2 million).

Claims expense

Weather conditions experienced in some regions during the year were warmer and drier than anticipated, which resulted in larger and more complex fires in the reporting period with increased overall costs. As a result, the level of claims this year was above the five-year running average of $5.9 million (2016: $3.1 million). The Christchurch Port Hills fires had a significant impact on the five-year running average.

7. Cash and cash equivalents

Accounting policy

Cash and cash equivalents

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

Investments

Bank term deposits

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

i) Total cash and cash equivalents

	Note	Actual 2017 $000	Actual 2016 $000
Cash on hand and at bank		21,125	20,853
Short-term deposits		27,000	21,904
Total cash and cash equivalents	24	**48,125**	**42,757**

The carrying value of cash on hand and at bank and short-term deposits approximates their fair value. The maximum exposure to credit risk is limited to the amount invested at the respective banks. The risk has been reduced by diversifying the investment in any given bank, in line with the Board's direction. Investments are held in financial institutions with AA– or above Standard and Poors credit ratings. No collateral or other securities are held by the Commission in respect to cash and deposits at the financial institutions. The Commission maintains an unsecured bank overdraft facility of $0.25 million (2016: $0.25 million). In addition, the Commission has uncommitted borrowing facilities available to it from financial institutions. These facilities have been approved in accordance with the Crown Entities Act 2004.

Sensitivity analysis

The weighted average effective interest rate for term deposits at 30 June 2017 is 2.91% (2016: 3.00%). As at 30 June 2017, if the interest rates increased/decreased by 1%, the interest revenue for the year and accumulated funds would increase/decrease by $0.5 million (2016: $0.4 million).

ii) Restricted assets

Cash and cash equivalents include the following restricted amounts held on behalf of the Rural Firefighting Fund:

	Actual 2017 $000	Actual 2016 $000
Short-term deposits	—	1,904
Total short term deposits	**—**	**1,904**

iii) Other reserves

	Actual 2017 $000	Actual 2016 $000
Seismic resilience reserve	21,245	23,345
Total seismic resilience reserve	**21,245**	**23,345**

The seismic resilience reserve has been established to assist the Commission to track the projected balance required for the seismic strengthening programme. This reserve is not directly supported by cash and cash equivalents.

8. Trade and other receivables

Accounting policy

Short-term receivables

Short-term receivables are recorded at their face value, less any provision for impairment. A receivable is considered impaired when there is evidence that the Commission will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amount expected to be collected.

Breakdown of trade and other receivables, and further information

	Note	Actual 2017 $000	Actual 2016 $000
Levy receivables		79,782	75,651
Other receivables		8,359	4,035
Deduct provision for impairment		(1,593)	(1,388)
Total receivables	24	**86,548**	**78,298**
Total receivables comprises:			
Receivables from non-exchange transactions (levy)		79,782	75,651
Receivables from exchange transactions (sale of goods and services)		8,359	4,035

Trade and other receivables mainly arise from the Commission's statutory functions and the carrying value approximates their fair value. The Commission does not have any significant concentration of credit risk in relation to trade and other receivables, and there are no procedures in place to monitor or report the credit quality with reference to internal or external credit ratings. No collateral is held as security for any trade and other receivables, and the Commission's credit exposures are limited to the individual balances. The Commission does not have any receivables at year end (2016: $nil) that would otherwise be past due, but not impaired, whose terms have been renegotiated.

Trade and other receivables were higher than budget, in line with the increase in levy income. The accrual for levy revenue at 30 June 2017 was $79.8 million (2016: $75.7 million), which is consistent with growth expectations.

The aging profile of receivables at year end is detailed below. Any overdue receivables at year end have been assessed for impairment and appropriate provisions have been applied as summarised below.

	Actual 2017			Actual 2016		
	Gross $000	Impairment $000	Net $000	Gross $000	Impairment $000	Net $000
Not past due	85,359	—	85,359	75,983	—	75,983
Past due 1–30 days	677	—	677	2,007	—	2,007
Past due 31–60 days	335	—	335	172	—	172
Past due 61–90 days	176	—	176	146	—	146
Past due > 91 days	1,594	(1,593)	1	1,378	(1,388)	(10)
Total receivables	**88,141**	**(1,593)**	**86,548**	**79,686**	**(1,388)**	**78,298**

All levy receivables greater than 60 days are considered to be past due. All other receivables are considered past due after 30 days.

Provision for impairment of trade and other receivables

At year end, the provision for impairment is calculated by completing an assessment of the likelihood of recovery based on historical payments, losses in previous periods, and a review of specific trade and other receivables.

	Actual 2017 $000	Actual 2016 $000
Provision for impairment of trade and other receivables at beginning of year	1,388	1,055
Additional provision made during year	205	333
Total provision for impairment of trade and other receivables	**1,593**	**1,388**

9. Prepayments

	Actual 2017 $000	Actual 2016 $000
Prepaid computer licenses	1,275	799
Prepaid travel	222	50
Prepaid other	360	409
Total prepayments	**1,857**	**1,258**

10. Non-current assets held for sale

Accounting policy

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

	Note	Land Actual 2017 $000	Buildings Actual 2017 $000	TOTAL Actual 2017 $000
Balance at beginning of year		6,510	—	6,510
Disposals		(6,510)	—	(6,510)
Transfers		852	46	898
Net book value at end of year	11	**852**	**46**	**898**

	Note	Land Actual 2016 $000	Buildings Actual 2016 $000	TOTAL Actual 2016 $000
Balance at beginning of year		—	—	—
Disposals		—	—	—
Transfers		6,510	—	6,510
Net book value at end of year	11	**6,510**	**—**	**6,510**

Non-current assets held for sale are valued at the lower of the carrying amount or fair value less costs to sell at the time of reclassification. Included this year is the planned disposal of properties in Queenstown Lakes District (Wanaka Station) and Selwyn District (Southbridge Station) (2016: Auckland City (Ponsonby Station)).

11. Property, plant and equipment

Accounting policy

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

Revaluations

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

Additions

Costs are capitalised as property, plant and equipment when they create a new asset or increase the economic benefits over the total life of an existing asset. This includes all costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. For existing assets, subsequent expense that extends or expands the asset's service potential is capitalised. Costs that do not meet the criteria for capitalisation, including costs of day-to-day servicing of property, plant and equipment, are recognised in the Statement of Comprehensive Revenue and Expense. An asset is complete when it is available for use in the location and condition necessary for it to be capable of operating in the manner intended. Costs associated with incomplete assets are recognised as work in progress. When the asset is complete, the costs are transferred to the relevant asset class and depreciated in accordance with that class.

Where an asset is acquired at no cost or nominal cost (e.g. a donated asset) and is controlled by the Commission, it is recognised at fair value at the date when control of the asset was obtained.

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

Leasehold improvements

Leasehold improvements are capitalised as property, plant and equipment.

Depreciation

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

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

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

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

Impairment of non-financial assets

The carrying amounts for property, plant and equipment are reviewed annually to determine if there is any impairment. Impairment is where events or changes in circumstances occur that result in the carrying amount of an asset not being recoverable. An impairment loss is the amount by which the asset's net carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses on revalued land and buildings are treated as a revaluation decrease. Impairment losses on other property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense.

Critical accounting estimates and assumptions

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

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

The Commission minimises the risk of this estimation process by:

- performing asset verifications
- revaluing land and buildings
- impairment testing
- the asset replacement programme.

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

Breakdown of property, plant and equipment, and further information

30 June 2017	Note	Land Actual 2017 $000	Buildings Actual 2017 $000	Fire appliances Actual 2017 $000	Motor vehicles Actual 2017 $000
Cost at beginning of year		—	—	282,229	3,053
Valuation at beginning of year		202,959	261,820	—	—
Net book value leased assets at beginning of year		—	—	—	—
Accumulated depreciation		—	—	(140,538)	(1,984)
Impairment losses		—	—	—	—
Work in progress		84	12,728	14,973	62
Net book value at beginning of year		**203,043**	**274,548**	**156,664**	**1,131**
Acquisitions		5,723	13,869	14,930	188
Disposals		(40)	(41)	(320)	—
Transfers		—	—	—	—
Depreciation	19	—	(14,143)	(10,453)	(170)
Impairment losses to Statement of Comprehensive Revenue and Expense		—	—	—	—
Transfer to non-current assets held for sale	10	(852)	(46)	—	—
Revaluation movement	18	11,986	37,221	—	—
Work in progress		(20)	5,524	(8,516)	(62)
Net book value at end of year		**219,840**	**316,932**	**152,305**	**1,087**
Cost at end of year		—	—	293,071	3,177
Valuation at end of year		219,776	298,680	—	—
Net book value leased assets at end of year		—	—	—	—
Accumulated depreciation		—	—	(147,223)	(2,090)
Impairment losses		—	—	—	—
Work in progress		64	18,252	6,457	—
Net book value at end of year		**219,840**	**316,932**	**152,305**	**1,087**

Communications equipment	Operational equipment	Non-operational equipment	Computer equipment	Leasehold improvements	Work in progress	TOTAL
Actual 2017 $000	Actual 2017 $000	Actual 2017 $000	Actual 2017 $000	Actual 2017 $000	Actual 2017 $000	Actual 2017 $000
22,992	70,474	19,618	10,983	6,129	33,042	448,520
—	—	—	—	—	—	464,779
—	5,568	—	—	—	—	5,568
(20,053)	(39,323)	(12,610)	(6,133)	(4,480)	—	(225,121)
—	—	—	—	—	—	—
2,598	1,338	135	1,085	39	(33,042)	—
5,537	**38,057**	**7,143**	**5,935**	**1,688**	**—**	**693,746**
16,970	6,051	1,395	2,900	768	2,854	65,648
(7,721)	(84)	—	—	—	—	(8,206)
—	128	(128)	—	—	—	—
(1,562)	(6,759)	(1,601)	(2,393)	(633)	—	(37,714)
—	—	—	—	—	—	—
—	—	—	—	—	—	(898)
—	—	—	—	—	—	49,207
(294)	3,466	(60)	2,855	(39)	(2,854)	—
12,930	**40,859**	**6,749**	**9,297**	**1,784**	**—**	**761,783**
15,843	76,241	20,911	13,409	6,897	35,896	465,445
—	—	—	—	—	—	518,456
7,527	4,428	—	—	—	—	11,955
(12,744)	(44,614)	(14,237)	(8,052)	(5,113)	—	(234,073)
—	—	—	—	—	—	—
2,304	4,804	75	3,940	—	(35,896)	—
12,930	**40,859**	**6,749**	**9,297**	**1,784**	**—**	**761,783**

Fair value of property

30 June 2017	Note	Land Actual 2017 $000	Buildings Actual 2017 $000	TOTAL Actual 2017 $000
Independent valuation		220,629	298,726	519,354
Total fair value at end of year		**220,629**	**298,726**	**519,354**
The above is represented by:				
Net book value at end of year		219,840	316,932	536,772
Work in progress		(64)	(18,252)	(18,316)
Non-current assets held for sale	10	852	46	898
Total fair value at end of year		**220,628**	**298,726**	**519,354**

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

The fair value of property at 30 June 2017 was determined by the independent registered valuer Jones Lang LaSalle (JLL) at $519.4 million (2016: $471.3 million), from which impairments to buildings planned to be demolished are deducted, if any.

JLL, as part of the valuation, tests the market value for all properties and, where no active market exists, adopts Optimised Depreciation Replacement Cost (ODRC). Land, dwellings, site improvements and small sheds are treated using an added value or market value approach. The fire stations are mainly valued using an ODRC approach as not a lot of market evidence tends to exist for sales of fire stations. The Commission had 463 (2016: 465) properties in its property portfolio at year end, of which 170 were inspected during the year (representing 37% of the portfolio).

To ensure that properties with high value and significant change were inspected, the following criteria were established:

- New property additions during the year.
- Properties with improvement values over $1.0 million.
- Properties where assets required verification.
- Properties that required an inspection due to changes in their nature.

Seismic strengthening programme

The seismic resilience reserve projected by the Commission for the seismic strengthening programme amounted to $21.2 million at year end (2016: $23.3 million). The Commission requires a minimum standard of at least 67% of the current seismic loading standard as defined in the Building Act 2004 for fire stations (and other operational areas) to be considered earthquake resilient. It has approved a programme of works (either strengthening or replacement) based on a range of structural engineering work and risk assessment. JLL factors into its valuation the Commission's programme of seismic strengthening works, which is supplied at year end.

Other

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

Capital cash spend

30 June 2017	Actual Cash flow 2017 $000	Unaudited Budget Cash flow 2017 $000	Actual Cash flow 2016 $000
Fleet	9,009	19,856	17,289
Property	28,009	23,959	23,494
Information and communications technology[17]	21,972	9,987	7,437
Operational equipment	9,345	5,906	6,455
Total property, plant and equipment	**68,335**	**59,708**	**54,675**
Cash proceeds from disposals	(19,795)	(11,792)	(133)
Net spend	**48,540**	**47,916**	**54,542**

The organisation holds over $500 million of property assets. This includes a revaluation gain of over $49 million, which reflects the distribution of fire stations, particularly in the major cities. Since fire stations are positioned to match risk, they are only ever disposed of to reposition into new stations that allow the more effective redistribution of resources. Consequently, fire stations are not disposed of without already having reinvested elsewhere in the community.

We continued to invest in capital infrastructure this financial year, with a net spend of $48.5 million compared to a budgeted spend of $47.9 million. Gross capital expenditure of $28.0 million was on property (land, acquisitions, new builds and refurbishments). We received $12.0 million from the disposal of Ponsonby fire station and two partial land disposals for road construction under section 17 of the Public Works Act 1981. Net capital expenditure of $16.0 million on property, of which $1.9 million was for land acquisitions, $0.2 million related to seismic upgrading, $9.0 million related to the Christchurch rebuild and $4.9 million related to refurbishments to existing stations. The investment in property this year resulted in a further five fire stations being deemed earthquake resilient.

The fleet capital programme aims to replace existing end-of-life appliances to maintain the current fleet size. This financial year, we took delivery of 31 new appliances and various support vehicles. However, the fleet capital programme was delayed due to issues that arose with the production of Type 3 MAN appliances. As this gap in production will have to be filled in out-years, property and other capital projects were brought forward to utilise the projected underspend in fleet's capital budget for 2016/17. Based on current plans, this will help to smooth total net capital cash flows in the short term.

Capital expenditure for the year was $68.3 million, which was significantly higher than for the previous year (2016: $54.7 million). On a net basis, the $0.5 million overspend compared to budget during the year was a result of:

- proceeds from the disposal of assets being higher than anticipated due to the sale and leaseback of IGC radios
- the property portfolio witnessing increased spending mainly due to new land purchases, including Pukete and Rolleston
- information and communications technology spend being higher mainly due to the need to fund the upgrade of the Spark Paging Network and the decision to sell and lease back the IGC radios
- spend on operational equipment being higher than expected due to the purchase of additional fire protective clothing and steel cylinders.

[17] Information and communications technology actual and budget includes capex for intangible assets.

Breakdown of property, plant and equipment, and further information

30 June 2016	Note	Land Actual 2016 $000	Buildings Actual 2016 $000	Fire appliances Actual 2016 $000	Motor vehicles Actual 2016 $000
Cost at beginning of year		—	—	271,560	2,766
Valuation at beginning of year		184,990	242,998	—	—
Net book value leased assets at beginning of year		—	—	—	—
Accumulated depreciation		—	—	(135,643)	(1,914)
Impairment losses		—	—	—	—
Work in progress		84	13,705	12,347	—
Net book value at beginning of year		**185,074**	**256,703**	**148,264**	**852**
Acquisitions		1,637	22,915	15,731	372
Disposals		—	(1,971)	(2)	—
Transfers		—	—	—	—
Depreciation	19	—	(14,015)	(9,955)	(155)
Impairment losses to Statement of Comprehensive Revenue and Expense		—	—	—	—
Transfer to non-current assets held for sale	10	(6,510)	—	—	—
Revaluation movement	18	22,842	11,893	—	—
Work in progress		—	(977)	2,626	62
Net book value at end of year		**203,043**	**274,548**	**156,664**	**1,131**
Cost at end of year		—	—	282,229	3,053
Valuation at end of year		202,959	261,820	—	—
Net book value leased assets at end of year		—	—	—	—
Accumulated depreciation		—	—	(140,538)	(1,984)
Impairment losses		—	—	—	—
Work in progress		84	12,728	14,973	62
Net book value at end of year		**203,043**	**274,548**	**156,664**	**1,131**

Communications equipment	Operational equipment	Non-operational equipment	Computer equipment	Leasehold improvements	Work in progress	TOTAL
Actual 2016 $000	Actual 2016 $000	Actual 2016 $000	Actual 2016 $000	Actual 2016 $000	Actual 2016 $000	Actual 2016 $000
22,333	64,723	18,931	9,685	5,994	28,229	424,220
—	—	—	—	—	—	427,988
—	6,699	—	—	—	—	6,699
(18,584)	(34,438)	(11,269)	(6,211)	(4,196)	—	(212,255)
—	—	—	—	—	—	—
42	582	—	1,469	—	(28,229)	—
3,791	**37,566**	**7,662**	**4,943**	**1,798**	**—**	**646,652**
843	6,275	930	3,209	525	4,813	57,250
(40)	(160)	(1)	—	—	—	(2,174)
—	66	(66)	—	—	—	—
(1,613)	(6,446)	(1,517)	(1,833)	(674)	—	(36,208)
—	—	—	—	—	—	—
—	—	—	—	—	—	(6,510)
—	—	—	—	—	—	34,735
2,556	756	135	(384)	39	(4,813)	—
5,537	**38,057**	**7,143**	**5,935**	**1,688**	**—**	**693,746**
22,992	70,475	19,618	10,983	6,129	33,042	448,521
—	—	—	—	—	—	464,779
—	5,568	—	—	—	—	5,568
(20,053)	(39,324)	(12,610)	(6,133)	(4,480)	—	(225,122)
—	—	—	—	—	—	—
2,598	1,338	135	1,085	39	(33,042)	—
5,537	**38,057**	**7,143**	**5,935**	**1,688**	**—**	**693,746**

Fair value of property

30 June 2016	Note	Land Actual 2016 $000	Buildings Actual 2016 $000	TOTAL Actual 2016 $000
Independent valuation		209,469	261,820	471,289
Total fair value at end of year		**209,469**	**261,820**	**471,289**
The above is represented by:				
Net book value at end of year		203,043	274,548	477,591
Work in progress		(84)	(12,728)	(12,812)
Non-current assets held for sale	10	6,510	—	6,510
Total fair value at end of year		**209,469**	**261,820**	**471,289**

The fair value of property at 30 June 2016 was determined by the independent registered valuer Jones Lang LaSalle (JLL) at $471.3 million (2015: $428.0 million), from which impairments to buildings planned to be demolished are deducted, if any.

12. Intangible assets

Accounting policy

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 Statement of Comprehensive Revenue and Expense, as well as costs that do not meet the criteria for capitalisation (including staff training and software maintenance).

Shared Information Technology Environment

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

Disposals

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

Amortisation

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

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

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

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

Impairment of non-financial assets

The carrying amounts for intangible assets are reviewed annually to determine if there is any impairment. Impairment is where events or changes in circumstances occur that result in the carrying amount of an asset not being recoverable. An impairment loss is the amount by which the asset's net carrying amount exceeds its recoverable amount.
The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses on intangible assets are recognised in the Statement of Comprehensive Revenue and Expense.

Critical accounting estimates and assumptions

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

The residual value and useful life of property, plant and equipment and intangible assets are reviewed at each balance date. Assessing the appropriateness of useful life and residual value estimates requires the Commission to consider a number of factors, such as the physical condition, expected period of use and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will impact the depreciation or amortisation expense recognised in the Statement of Comprehensive Revenue and Expense, and the carrying amount of the asset in the Statement of Financial Position.

The Commission minimises the risk of this estimation process by:

- performing asset verifications
- revaluing land and buildings
- impairment testing
- the asset replacement programme.

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

Breakdown of intangibles and further information

		Computer software (internally generated)	Computer software (purchased)	Shared Information Technology Environment (SITE)	Work in progress	TOTAL
30 June 2017	Note	Actual 2017 $000	Actual 2017 $000	Actual 2017 $000	Actual 2017 $000	Actual 2017 $000
Cost at beginning of year		11,699	16,058	18,292	166	46,215
Accumulated amortisation		(9,362)	(12,561)	(18,292)	—	(40,215)
Work in progress		97	69	—	(166)	—
Total at beginning of year		**2,434**	**3,566**	**—**	**—**	**6,000**
Acquisitions		494	520	—	10,173	11,187
Transfers		—	—	—	—	—
Work in progress		1,056	9,117	—	(10,173)	—
Amortisation	19	(1,057)	(1,549)	—	—	(2,606)
Net book value at end of year		**2,927**	**11,654**	**—**	**—**	**14,581**
Cost at end of year		12,193	16,578	18,292	10,339	57,402
Accumulated amortisation		(10,419)	(14,110)	(18,292)	—	(42,821)
Work in progress		1,153	9,186	—	(10,339)	—
Net book value at end of year		**2,927**	**11,654**	**—**	**—**	**14,581**

There are no restrictions placed over the title of the Commission's intangible assets, nor are any assets pledged as security for liabilities.

30 June 2016	Note	Computer software (internally generated) Actual 2016 $000	Computer software (purchased) Actual 2016 $000	Shared Information Technology Environment (SITE) Actual 2016 $000	Work in progress Actual 2016 $000	TOTAL Actual 2016 $000
Cost at beginning of year		11,057	13,615	18,292	672	43,636
Accumulated amortisation		(8,109)	(11,199)	(18,292)	—	(37,600)
Work in progress		244	428	—	(672)	—
Total at beginning of year		**3,192**	**2,844**	**—**	**—**	**6,036**
Acquisitions		863	2,557	—	(506)	2,914
Transfers		—	—	—	—	—
Work in progress		(147)	(359)	—	506	—
Amortisation	19	(1,474)	(1,476)	—	—	(2,950)
Net book value at end of year		**2,434**	**3,566**	**—**	**—**	**6,000**
Cost at end of year		11,699	16,058	18,292	166	46,215
Accumulated amortisation		(9,362)	(12,561)	(18,292)	—	(40,215)
Work in progress		97	69	—	(166)	—
Net book value at end of year		**2,434**	**3,566**	**—**	**—**	**6,000**

13. Trade and other payables

Accounting policy

Trade payables

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

	Note	Actual 2017 $000	Actual 2016 $000
Payables under exchange transactions			
Trade payables		15,167	8,975
Accrued expenses		22,244	13,301
Total payables under exchange transactions		**37,411**	**22,276**
Payables under non-exchange transactions			
Levy in advance		469	806
Taxation payables (GST, PAYE, FBT)		13	5,963
Total payables under non-exchange transactions		**482**	**6,769**
Total payables	24	**37,893**	**29,045**

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.

14. Employee and volunteer benefits

Accounting policy

Employee and volunteer benefits

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

Current employee and volunteer benefits

Benefits to be settled within 12 months of balance date are calculated at undiscounted current rates of pay according to the amount of the accrued entitlements. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and retiring 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 the Commission'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 firefighters 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 that staff will reach the point of entitlement, contractual entitlements information and the present value of the estimated future cash flows. The discount rate, as prescribed by the Treasury, is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees. Movements in the actuarial valuations are recognised in the Statement of Comprehensive Revenue and Expense.

Critical accounting estimates and assumptions

Long service leave and gratuities

Entitlements that are payable beyond 12 months (such as long service leave and gratuities) are calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock, with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Breakdown of employee and volunteer benefits, and further information

	Actual 2017 $000	Actual 2016 $000
Current employee and volunteer benefits		
Accrued salaries and wages	7,644	6,778
Annual leave	21,393	18,594
Long service leave and gratuities	4,513	5,358
Total current employee and volunteer benefits	**33,550**	**30,730**
Non-current employee and volunteer benefits		
Long service leave and gratuities	38,428	39,764
Total non-current employee and volunteer benefits	**38,428**	**39,764**
Total employee and volunteer benefits	**71,978**	**70,494**

Expense on personnel represents 65% (2016: 66%) of total operating costs for the Commission and consequently any changes within personnel can have a significant impact on the overall cost structure.

Accrued salaries and wages

The increase this year was due to the timing of the last payroll payment for the year compared with the previous year and an increased head count attributable to the Transition Project team. The last payroll payment this year was on 20 June versus 21 June in the previous year, resulting in an additional one day of payroll accruals this year.

Annual leave

This reflects the current leave liabilities as at the end of the financial year.

Long service leave and gratuities

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

- Treasury rates were calculated as at 30 June 2017 (2016: 30 June 2016).
- Implied risk-free rates over the period of cash outflows ranged from 1.97% to 4.75% (2016: 2.12% to 4.75%).
- The salary inflation factor was determined (at a minimum) at 2.50% (2016: 2.50%) per annum.

Sensitivity analysis

If the discount rate were to (decrease)/increase by 1% each year from the Commission's estimates with all other factors held constant, the carrying amount of the liability would (decrease)/increase by ($3.4 million)/$3.8 million (2016: ($3.9 million)/$3.1 million), thereby (decreasing)/increasing personnel costs and increasing/(decreasing) accumulated funds by the same amount.

15. Borrowings

Accounting policy

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

Crown funding injection

The Crown funding injection has been designated as a loan. The loan is at below market interest rates or has no interest charged. Interest rates are initially recognised at the present value of their 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 a reduction in equity.

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, finance leases where the Commission is the lessee 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 reasonable certainty as to whether the Commission will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life. Where a sale and leaseback transaction results in a finance lease, the gain on sale is amortised over the lease term. The gain on sale is calculated as the excess of sale proceeds over the carrying amount of the asset.

Critical judgements in applying the Commission's accounting policies

Lease classification

Determining whether a lease agreement is finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Commission. The Commission classifies leases as finance leases in the following situations:

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

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

Breakdown of borrowings and further information

	Note	Actual 2017 $000	Actual 2016 $000
Current borrowings			
Finance leases	24	1,070	1,362
Crown funding injection – payable	24	8,826	–
Total current borrowings		**9,896**	**1,362**
Non-current borrowings			
Finance leases	24	7,098	773
Crown funding injection – payable	24	16,038	–
Total non-current borrowings		**23,136**	**773**
Total borrowings		**33,032**	**2,135**
Analysis of minimum finance lease payments due			
Not later than 1 year		1,591	1,470
Later than 1 year and not later than 2 years		1,453	293
Later than 2 years and not later than 5 years		4,272	415
Later than 5 years and not later than 10 years		2,879	247
Later than 10 years		—	—
Total minimum lease payments due		**10,195**	**2,425**
Future finance charges		(2,027)	(290)
Present value of lease payments due		**8,168**	**2,135**
Analysis of present value of finance lease payments due			
Not later than 1 year		1,070	1,362
Later than 1 year and not later than 2 years		999	238
Later than 2 years and not later than 5 years		3,343	310
Later than 5 years and not later than 10 years		2,756	225
Later than 10 years		—	—
Present value of lease payments due		**8,168**	**2,135**

The Commission 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 11.

Crown funding injection

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

The funding injection is being made available interest free. The first repayment is due by 30 June 2018 and full amount of the funding injection must be repaid by 30 June 2026.

The face value of $25.9 million was provided as a funding injection this financial year, in which $9.0 million is payable back to the Department of Internal Affairs in 2017/18. The fair value of the funding injection is $24.9 million and it is based on cash flows discounted using the forward discount rate of 1.97% for one year, 2.36% for two years and 2.66% for three years.

	Note	Actual 2017 $000	Actual 2016 $000
Balance at beginning of year		–	–
Face value of funding injection		25,961	–
Less: fair value write down at initial recognitions		(1,097)	–
Carrying value at end of year		**24,864**	**–**

16. Provisions

Accounting policy

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

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

Lease make-good

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

Loss of medical scheme

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

Accident Compensation Corporation Partnership Programme

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

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

Breakdown of provisions and further information

	Actual 2017 $000	Actual 2016 $000
Current provisions		
Loss of medical scheme	168	166
ACC Partnership Programme	1,617	1,686
Total current provisions	**1,785**	**1,852**
Non-current provisions		
Lease make-good	896	1,014
ACC Partnership Programme	1,395	1,584
Total non-current provisions	**2,291**	**2,598**
Total provisions	**4,076**	**4,450**

Major movements for each provision are summarised below.

i) Loss of medical scheme

	Actual 2017 $000	Actual 2016 $000
Loss of medical scheme at beginning of year	**166**	**165**
Contributions made to the scheme	2	1
Total loss of medical scheme provision	**168**	**166**

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

ii) Lease make-good

	Actual 2017 $000	Actual 2016 $000
Lease make-good at beginning of year	**1,014**	**921**
Additional provisions made	(118)	93
Total lease make-good	**896**	**1,014**

A provision has been established by the Commission for leased premises where, at the expiry of the lease term, the Commission is required to remove and make good any damage caused to the premises by installed fixtures and fittings.

iii) Accident Compensation Corporation Partnership Programme

Liability valuation

The Commission has participated in the ACC Partnership Programme since 1 October 2000. The Commission uses an external independent actuarial valuer, Melville Jessup Weaver (the Actuaries), to calculate the liability at year end. Claims are managed by the Commission for a period of 48 months (2016: 48 months) from the claim lodgement date. At the end of the specified period, if an injured employee is still receiving entitlements, the financial management responsibility of the claim will be transferred to ACC for a price calculated on an actuarial valuation basis.

Method and assumptions

The Actuaries use an actuarial Bornheutter-Fergusson (BF) paid claims valuation methodology. BF applies the weighted average of past claims development to an estimate of the ultimate claims costs to project future claims development.

The estimated ultimate claims costs are derived for each loss period using some measure of exposure and an assumed loss ratio. It can be applied to claims paid, incurred claims and also to claim counts.

The methodology for this valuation used liable earnings as the measure of exposure and the weighted average of past claim payments development to project future claim payments development. The key assumptions of the methodology were as follows:

- The development pattern of claims payments was the same for all loss periods (this was the principal assumption).
- The assumed 'loss ratio' (claims/liable earnings) was determined by considering the observed loss ratios for the earlier loss quarters and having regard to the general trend in claims costs.
- Projected future payments were discounted based on spot rates published by the Treasury for valuations at year end.
- A risk margin of 12.8% (2016: 12.8%) was included to allow for the inherent uncertainties in the central estimate of the claims liability.
- A provision for future claim handling costs of 9.5% (2016: 9.9%) of the expected future claim cost was allowed for.
- Future inflation will be the same as the historical weighted average inflation that is present in the claims data (it is not possible to calculate the inflation rate explicitly).

Accident Compensation Corporation Partnership Programme provision summary

	2017 Current $000	2017 Non-current $000	2017 TOTAL $000	2016 TOTAL $000
Undiscounted estimated future claims costs	1,347	1,162	2,509	2,714
Discounting	(38)	(32)	(70)	(76)
Discounted estimated future claims costs	**1,309**	**1,130**	**2,439**	**2,638**
Claims handling expenses	124	107	231	261
Total discounted outstanding claims liabilities	**1,433**	**1,237**	**2,670**	**2,899**
Risk margin (12.8%)	184	158	342	371
ACCPP provision at end of year	**1,617**	**1,395**	**3,012**	**3,270**
Claim handling cost %	9.5%	9.5%	9.5%	9.9%
Risk margin %	12.8%	12.8%	12.8%	12.8%

The estimated Accredited Employers Programme (AEP) liability as at 30 June 2017 was $2.7 million (2016: $2.9 million). This decrease was due to lower interest rates, which resulted in a lower discount rate, a revision of the claims handling expenses provision from 9.9% to 9.5% of the expected future claims costs and a better claim experience than had been forecasted in the valuation last year. The Commission includes a risk margin in its provision and, allowing for this, decreased the liability at 30 June to $3.0 million.

Accident Compensation Corporation Partnership Programme provision movement summary

	Actual 2017 $000	Actual 2016 $000
ACCPP provision at beginning of year	**3,270**	**3,099**
Net increase/(decrease) to provision during year	(258)	171
Total ACCPP provision	**3,012**	**3,270**

Objectives for managing risks

The Commission manages its exposure arising from the programme by promoting a safe and healthy working environment in the following ways:

- Implementing and monitoring procedures, standards and workplace conditions that aim to comply with all legal duties and responsibilities.
- Providing induction training on health and safety.
- Maintaining accurate records of all incidents that have or could have caused harm.
- Investigating any incidents that occur to establish how they were caused and to ensure that appropriate corrective actions are implemented in an effort to prevent future occurrences.
- Actively managing workplace injuries to ensure that employees have access to appropriate treatment and rehabilitation to assist with a safe and durable return to work.
- Working towards identifying, assessing and controlling workplace hazards, and training personnel in safe work practices.

Sensitivity analysis

The assumed loss ratio of 1.00% of liable earnings was determined by considering the observed loss ratios for the earlier loss quarters and having regard to the general trend in claims costs since the Fire Service entered the ACCPP. The table sets out the discounted provision (central estimate) with loss ratios of 0.90% and 1.10%.

Loss ratio 2017 %	Liability 2017 $000	Loss ratio 2016 %	Liability 2016 $000
0.90	2,404	0.90	2,744
1.00	**2,670**	**1.00**	**2,899**
1.10	2,937	1.10	3,055

As stated above, the discount rates used were derived from rates specified by the Treasury. The table sets out the discounted provision (central estimate) when the discount rates are set 1.0% higher and lower than the bond rates.

Loss ratio 2017 %	Liability 2017 $000	Loss ratio 2016 %	Liability 2016 $000
(1.00)	2,706	(1.00)	2,939
0.00	**2,670**	**0.00**	**2,899**
1.00	2,636	1.00	2,861

17. Unamortised gain on sale and leaseback

	Actual 2017 $000	Actual 2016 $000
Current liabilities		
Finance leases	—	92
Non-current liabilities		
Finance leases	—	—
Total unamortised gain on sale and leaseback	**—**	**92**

Where a sale and leaseback transaction results in a finance lease, the gain on sale is amortised over the lease term. The gain on sale is calculated as the excess of sale proceeds over the carrying amount of the asset.

18. Revaluation reserves

	Note	Land Actual 2017 $000	Buildings Actual 2017 $000	TOTAL Actual 2017 $000
Balance at beginning of year		**63,839**	**75,380**	**139,219**
Revaluation movement	11	11,986	37,221	49,207
Total revaluation gains/(losses)		**75,825**	**112,601**	**188,426**
Deduct transfer to accumulated funds on disposal		(2,567)	(49)	(2,616)
Total revaluation reserve		**73,258**	**112,552**	**185,810**

	Note	Land Actual 2016 $000	Buildings Actual 2016 $000	TOTAL Actual 2016 $000
Balance at beginning of year		**40,997**	**65,310**	**106,307**
Revaluation movement	11	22,842	11,893	34,735
Total revaluation gains/(losses)		**63,839**	**77,203**	**141,042**
Deduct transfer to accumulated funds on disposal		—	(1,823)	(1,823)
Total revaluation reserve		**63,839**	**75,380**	**139,219**

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.

19. Reconciliation of net surplus to the net cash flows from operating activities

	Note	Actual 2017 $000	Actual 2016 $000
Net surplus attributable to the owners of the Commission		**(5,844)**	**437**
Add/(subtract) non-cash items			
Amortisation of (gain) on sale and leaseback	17	(92)	(184)
(Gain) unrealised foreign exchange	2	(8)	(2)
Property, plant and equipment write-offs	5	228	2,240
Amortisation	12	2,606	2,950
Depreciation	11	37,714	36,208
Total non-cash items		**40,448**	**41,212**
(Subtract)/add movements in statement of financial position items			
Increase/(decrease) in trade and other payables including GST		8,213	(694)
(Increase)/decrease in prepayments	9	(599)	322
(Increase)/decrease in receivables	8	(8,250)	(2,816)
Increase/(decrease) in provisions	16	(374)	265
Increase/(decrease) in employee and volunteer benefits	14	1,484	5,899
Total net movements		**474**	**2,976**
Add/(subtract) investing activities			
(Gain) on disposal of fixed assets	2	(5,566)	(133)
Interest paid	4	230	322
Total investing activity items		**(5,336)**	**189**
Net cash flows from operating activities		**29,742**	**44,814**

Cash flow net GST received (paid)

The net GST component of operating activities reflects the net GST paid and received with IRD. The net GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

20. Capital commitments

Accounting policy

Commitments

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

Capital commitments

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

Future minimum asset payments due under non-cancellable contracts

	Actual 2017 $000	Actual 2016 $000
Buildings	13,274	2,122
Fleet	5,513	5,515
ICT	3,827	6,907
Plant and equipment	368	7
Intangibles	203	246
Total capital commitments	**23,185**	**14,797**
Buildings	13,274	2,122
Fleet	5,513	5,515
ICT	3,827	3,567
Plant and equipment	368	7
Intangibles	203	246
Not later than 1 year	**23,185**	**11,457**
ICT	—	3,340
Later than 1 year and not later than 5 years	**—**	**3,340**
Total capital commitments	**23,185**	**14,797**

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

21. Operating lease commitments as lessee

Accounting policy

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Commission are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the Statement of Comprehensive Revenue and Expense. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expense and expensed over the lease term as an integral part of the total lease expense.

Non-cancellable operating leases

This includes 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

	Actual 2017 $000	Actual 2016 $000
Not later than 1 year	6,964	4,899
Later than 1 year and not later than 5 years	10,248	9,415
Later than 5 years	291	428
Total operating lease commitments as lessee	**17,503**	**14,742**

The Commission has operating lease commitments for office and fire station premises, motor vehicles, and office equipment. Significant leases include the five floors and car parks at National Headquarters located at 80 The Terrace, Wellington. During the year, the Commission also entered into lease agreements for the Transition Project team at 88 The Terrace on the ground floor and level 3. There are no restrictions placed on the Commission by any of its operating leasing arrangements, other than the premises must be used as commercial premises. Lease payments recognised as an expense in the period amounted to $5.7 million (2016: $5.4 million). The Commission does not have any contingent rents or sublease payments.

22. Operating lease commitments as lessor

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

	Actual 2017 $000	Actual 2016 $000
Not later than 1 year	129	144
Later than 1 year and not later than 5 years	98	98
Later than 5 years	70	94
Total operating lease commitments as lessor	**297**	**336**

The Commission leases out some property under operating leases. The majority of these leases have a non-cancellable term of one month. No contingent rents have been recognised in the Statement of Comprehensive Revenue and Expense during the year (2016: $nil).

23. Contingencies

Accounting policy

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

Contingent liabilities

Replacement of fire stations in the Christchurch area

The Commission has commenced and completed new build, purchased new land, and demolished and refurbished fire stations during the year, and continues to evaluate its options around the replacement programme for fire stations (replace, repair, demolish or relocate) located in the Christchurch area due to earthquake damage.

Seismic strengthening programme

There remains some uncertainty around cost projections for the seismic strengthening programme and there is a possibility that total spend may exceed the seismic resilience reserve amount of $21.2 million at year end (2016: $23.3 million).

Employment issues

At 30 June 2017, there were six employment related issues pending resolution in the legal system or in mediation. It is difficult to predict the final outcome of these matters with any great degree of certainty. Therefore, any possible financial reparations eventuating out of the settlement decision of these matters are unquantifiable at the moment.

Contingent assets

Rural Firefighting Fund claims for cost recovery

In accordance with section 43 of the Forest and Rural Fires Act 1977, there are a number of Rural Firefighting Fund claims with legal advisors for cost recovery at year end. Possible recoveries have been estimated to be $3.3 million (2016: $0.9 million).

24. Financial instruments

Accounting policy

Financial instruments

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

Financial assets

The Commission classifies its financial assets as follows:

A. Financial assets at fair value through the Statement of Comprehensive Revenue and Expense, which are comprised of derivative financial instruments.

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

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

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

Trade and other receivables are financial assets with fixed or determinable payments. They arise when the Commission provides goods or services directly to a debtor with no intention of selling the receivable asset. Trade and other receivables are recognised initially at fair value plus transaction costs. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance date for assets of a similar maturity and credit risk. Trade and other receivables issued with a duration of less than 12 months are recognised at their nominal value. Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

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

Financial liabilities

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

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

Categories of financial assets and liabilities

	Note	Actual 2017 $000	Actual 2016 $000
Loans and receivables			
Cash and cash equivalents	7	48,125	42,757
Trade and other receivables	8	86,548	78,298
Total loans and receivables		**134,673**	**121,055**
Financial liabilities measured at amortised cost			
Trade and other payables	13	37,893	29,045
Finance leases	15	8,168	2,135
Borrowings – Crown injection payable	15	24,864	–
Total financial liabilities measured at amortised cost		**70,925**	**31,180**

Financial instrument risks

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

Market risk

Interest rate risk

The Commission 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. The Commission's exposure to the interest rate risk is limited to call deposits included in the cash and cash equivalents balance. The Commission aims to reduce the risk by investing at fixed interest rates with maturities in line with the cash requirements of the Commission. The Fire Service Act 1975 does not provide for the Commission to enter into hedging transactions and therefore interest rate investments are not hedged.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in exchange rates. The Commission's currency risk arises when sourcing property, plant and equipment denominated in foreign currency. The Commission enters into foreign exchange forward contracts to manage its foreign currency exposure in relation to supply contracts entered into for the purchase of property, plant and equipment. There were no forward foreign exchange contracts in place as at year end (2016: no contracts).

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Commission, causing a loss to be incurred. In the normal course of business, the Commission incurs credit risk from trade and other receivables and transactions with financial institutions. The Commission has processes in place to review the credit quality of customers prior to the granting of credit. Due to the timing of its cash flows and outflows, the Commission invests surplus cash with registered banks that have a high credit rating, as required by section 161 of the Crown Entities Act 2004. There is no significant concentration of credit risk arising from trade and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the Statement of Financial Position. The Commission 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 the Commission will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions. The Commission mainly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements. The forecast cash flows are updated on a daily basis and include both known and perceived cash flow requirements. To assist this process, the levy variability reserve has been established as a buffer for general liquidity and to assist the Commission under circumstances where levies are not paid as projected.

Contractual maturity analysis of financial liabilities

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

		Actual 2017			Actual 2016		
	Note	Less than 6 months $0	Between 6 months and 1 year $0	Between 1 and 5 years $0	Less than 6 months $0	Between 6 months and 1 year $0	Between 1 and 5 years $0
Creditors and other payables	13	37,893	–	–	29,045	–	–

25. Capital management

The Commission's capital is equity (represented by net assets), which comprises accumulated funds, reserves and contributed capital. The Commission 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 Commission to enter into derivatives and to maintain committed and uncommitted borrowing facilities at financial institutions. The Commission manages its equity as a by-product of prudently managing revenue, expenses, assets, liabilities and risk, and aims for best practice with regards to its operations and financial dealings. This helps to ensure that the Commission effectively achieves its goals and objectives.

26. Related party disclosures

The Commission 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 the Commission 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

	Note	Actual 2017 $000	Actual 2016 $000
Board members			
Remuneration	3	175	147
Full-time equivalent members		1.0	1.0
Strategic Leadership Team			
Remuneration		3,418	2,664
Full-time equivalent members		9.0	9.0
Operational Leadership Team			
Remuneration		1,642	1,672
Full-time equivalent members		11.0	11.0
Total key management personnel remuneration		**5,235**	**4,483**
Total full time equivalent personnel		**18.0**	**18.0**

Key management personnel include Commission members, the Chair of the Audit and Risk Committee, the Chief Executive and National Commander, and the 15 members (2016: 16 members) of the Organisational Leadership Team. The increase in costs for key management personnel was mainly due to additional costs incurred for personnel who acted up when positions were vacant or while the incumbents were on leave. Other than the Board, the Fire Service has three key management teams: the Strategic Leadership Team (SLT), the Operational Leadership Team (OLT), and the two combined together, making the Organisational Leadership Team (OrgLT). The role of each team is outlined below.

Strategic Leadership Team

The SLT represents all the critical business functions. It provides dynamic, strategic decision-making for the organisation, and quality advice for the Chief Executive and National Commander, and the Commission. The Chief Executive and National Commander, Deputy National Commander, and National Rural Fire Officer are also part of the OLT. For the purposes of the table above, they have only been reported as being part of the SLT with regard to remuneration.

Operational Leadership Team

The purpose of the OLT is to provide national, strategic, operational leadership for the Fire Service core external service delivery functions, provide operational advice to the SLT, drive the integration of risk reduction and response activities, ensure appropriate operational capability and readiness, and continuously improve the risk reduction and response performance of the Fire Service.

Organisational Leadership Team

The OrgLT has been established to bring together the two groups above (the SLT and OLT) for better integration across all business functions and thus a more effective deployment of national programmes and initiatives.

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 3.

Other related party disclosures

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

Board members, staff and volunteers of the Fire Service 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.

27. Post balance date events

On 1 July 2017, the New Zealand Fire Service Commission as a body constituted under section 4(1) of the Fire Service Act 1975 ceased to exist and was replaced by Fire and Emergency New Zealand, which is governed by new legislation that was passed in May 2017. The new organisation is an amalgamation of the New Zealand Fire Service, the NRFA (which were both part of the New Zealand Fire Service Commission) and 38 RFAs, including ERFDs.

The new organisation brings together approximately 2,400 full time personnel, 11,300 volunteers and physical assets in excess of $800 million and has been given the legislative platform for our fire and emergency services to better meet the challenges that New Zealand faces in the 21st century. Even though the promotion of fire safety remains one of the main legislative functions of Fire and Emergency New Zealand, its broader emergency role in medical emergencies, motor vehicle emergencies and natural disasters are also recognised.

The amalgamation process involved the transfer of physical assets from RFAs and ERFDs to Fire and Emergency New Zealand. At 1 July 2017, where agreement had been reached between Fire and Emergency New Zealand and owners of the physical assets, the assets have been transferred to Fire and Emergency New Zealand at no cost. Where discussion is ongoing on the transfer of assets to Fire and Emergency New Zealand, then use agreements have been entered into with the respective asset owners while resolution to a full transfer is being negotiated. It is expected that these negotiations should be completed within two years.

28. Explanation of significant variances against budget

Explanations for major variances from the Commission's budget in the Statement of Performance Expectations are included in the notes above. Other explanations for major variances are summarised below.

30 June 2017 — Statement of Cash Flows

The most significant variance was cash and cash equivalents, which was $29.5 million higher than budget at year end with the following major variances:

- The opening balance of cash and cash equivalents was $8.2 million favourable — refer to Note 7.
- Revenue (including levy receipts) was $3.6 million unfavourable — refer to Note 2.
- Spend including payroll and volunteers (excluding capex/GST) was $5.0 million favourable — refer to Notes 3 and 5.
- GST was $5.5 million unfavourable.
- Net capex spend (including intangibles) was $0.6 million unfavourable — refer to Notes 11 and 12.
- Net proceeds from capital injection was $26.0 million favourable. The Crown injection was made available to the Commission to help fund the transition to the new unified, national fire and emergency service.

30 June 2016 — Statement of Cash Flows

The most significant variance was cash and cash equivalents, which was $11.3 million higher than budget at year end with the following major variances:

- The opening balance of cash and cash equivalents was $7.4 million favourable — refer to Note 7.
- Revenue (including levy receipts) was $14.5 million favourable — refer to Note 2.
- Spend including payroll and volunteers (excluding capex/GST) was $8.8 million unfavourable — refer to Notes 3 and 5.
- GST was $2.6 million favourable.
- Net capex spend (including intangibles) was $4.5 million unfavourable — refer to Notes 11 and 12.

Glossary

ACC	Accident Compensation Corporation
ACCPP	Accident Compensation Corporation Partnership Programme
AFAC	Australasian Fire and Emergency Services Authorities Council
AGROG	All-of-Government RPAS Operators Group
APR	Air Purifying Respirator
BF	Bornheutter-Fergusson
CFO	Chief Fire Officer
CIPSS	Critical Incident Personal Stress Support
DOC	Department of Conservation
EMACE	Emergency Management Adult and Community Education
ERFD	Enlarged Rural Fire District
ERP	Employer Recognition Programme
FAIP	Fire Awareness Intervention Programme
FBT	Fringe Benefit Tax
FEB	Fire Engineering Brief
FFMG	Forest Fire Management Group
FRCA	Fire and Rescue Commanders Association
FRFANZ	Forest and Rural Fire Association of New Zealand
GST	Goods and Services Tax
GTE	Government Training Establishment
HSWA	Health and Safety at Work Act
IBANZ	Insurance Brokers Association of New Zealand
ICAD	Intergraph Computer Aided Dispatch
ICT	Information and Communications Technology
IGC	Incident Ground Control
IL4	Importance Level 4
INSARAG	International Search and Rescue Advisory Group
IRD	Inland Revenue Department
IPSAS	International Public Sector Accounting Standard
JLL	Jones Lang LaSalle
MBIE	Ministry of Business, Innovation and Employment
MCDEM	Ministry of Civil Defence and Emergency Management
MFAT	Ministry of Foreign Affairs and Trade
MNZM	Member of the New Zealand Order of Merit
MOU	Memorandum of Understanding
NARTA	The National Associated Retail Traders of Australia
NIMT	National Incident Management Team
NRFA	National Rural Fire Authority
NZBN	New Zealand Business Number
NZDF	New Zealand Defence Force
NZFSW	New Zealand Fire Service Women

NZ GAAP	New Zealand Generally Accepted Accounting Practice
NZMAT	New Zealand Medical Assistance Team
NZPFU	New Zealand Professional Firefighters Union
ODRC	Optimised Depreciation Replacement Cost
OLT	Operational Leadership Team
OrgLT	Organisational Leadership Team
OSM	Operational Skills Maintenance
PAYE	Pay As You Earn
PBE	Public Benefit Entity
PBX	Private Branch Exchange
PIEMA	Pacific Islands Emergency Management Alliance
PMEF	Performance Monitoring and Evaluation Framework
PSA	Public Service Association
QSO	Queen's Service Order
RFA	Rural Fire Authority
RFFF	Rural Firefighting Fund
RIMT	Regional Incident Management Team
RPAS	Remotely Piloted Aircraft Systems
SITE	Shared Information Technology Environment
SLT	Strategic Leadership Team
SMS	Station Management System
SPE	2016/17 Statement of Performance Expectations
TAPS	Training and Progression System
UFBA	United Fire Brigades Association
USA	United States of America
USAR	Urban Search and Rescue
WFENZ	Women in Fire and Emergency New Zealand
XRB	External Reporting Board

www.fire.org.nz

Te Manatū o ngā ratonga ohotata kia haumaru ake ai a Aotearoa.
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