

Annual Report Pūrongo ā-Tau

For the year ended 30 June 2019

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



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“The safety, health and wellbeing of our people is our number one priority.”

Hon. Paul Swain, Board Chair

Fire and Emergency New Zealand at a glance

He karapatanga ki te Ratonga Ahi me ngā Ohotata i Aotearoa

We are New Zealand's most trusted public sector organisation. In 2018/19, we attended 79,921 incidents and completed 19,149 home safety visits. We interact with New Zealanders from all walks of life every day. We attend structural and vegetation fires, extreme weather events, hazardous substances incidents and are often first on site at motor vehicle accidents.

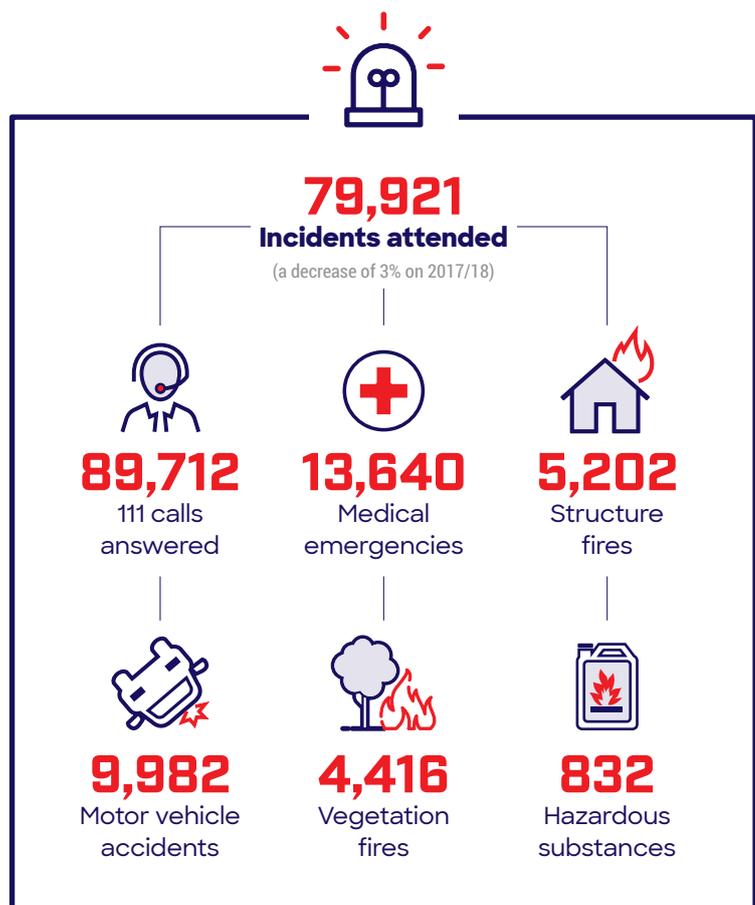


Most trusted public sector organisation

(Colmar Brunton's Public Sector Reputation Index 2019)

Our finances

\$576.3m	Operating expenditure
\$101.5m	Capital expenditure
\$610.3m	Revenue
\$1,280.5m	Asset base

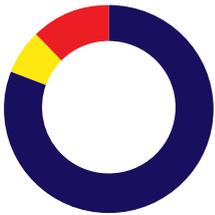


19,149
Homes visited

1,213
Building evacuation scheme applications

5,018
Fire engineering building consent design reviews

Our people

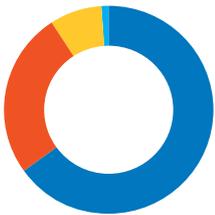


- 11,801 Volunteers
- 1,810 Career firefighters
- 982 Management/support

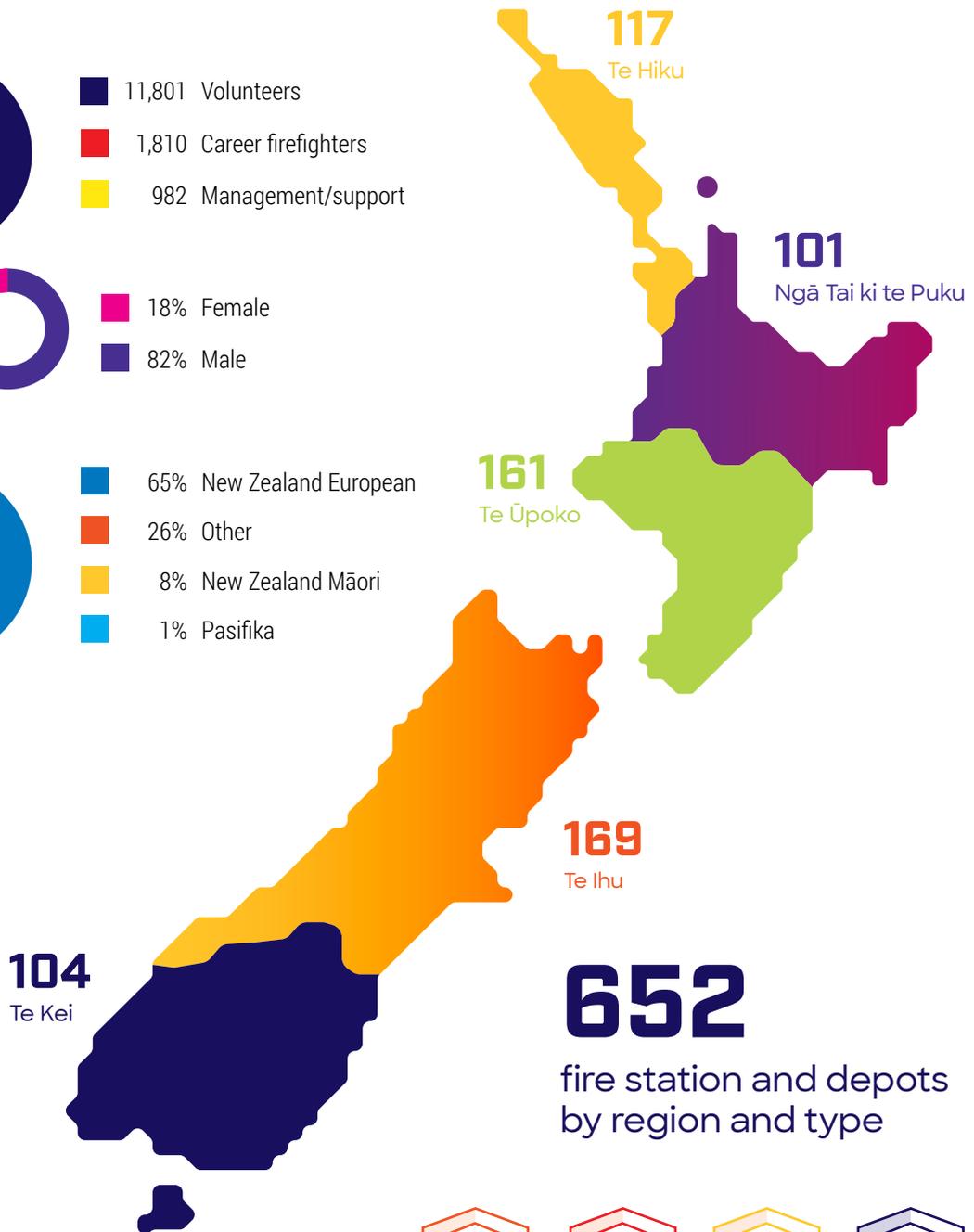


- 18% Female
- 82% Male

Our ethnicity



- 65% New Zealand European
- 26% Other
- 8% New Zealand Māori
- 1% Pasifika



652

fire station and depots
by region and type



358
Volunteer



42
Career



215
Rural



37
Composite

Foreword

Shaping our future E whakarite ana te āpōpō



On behalf of the Board of Fire and Emergency New Zealand, I am pleased to present our second annual report.

It is now more than two years since Fire and Emergency was formed. Over the last year we have continued to bring together rural and urban fire services and invested heavily in our people, property and fleet so that we are well placed to meet the challenges facing New Zealanders now and in the future. We are pleased with the progress we're making.

Effective leadership is essential to building our new organisation. During the year we had the pleasure of welcoming the new Executive and Service Delivery Leadership Teams, who will be responsible for leading our organisation into the future.

The Board is acutely aware that building a positive and inclusive culture, where everyone feels safe and diversity is celebrated, is important for the long-term sustainability of our organisation. We therefore welcomed the release of retired Judge Coral Shaw's independent review into the workplace policies, practices and procedures to address bullying and harassment at Fire and Emergency. We strongly support her report's recommendations, which are being implemented by our Chief Executive.

A core part of having a positive culture is the safety, health and wellbeing of our people. Our new health standards, firefighter psychological wellbeing initiatives and avenues for dispute resolution and support are being designed to make Fire and Emergency a safer place to work.

Our people – career, volunteer and support staff – give their time, skills and passion to protect our communities. Their dedication often means time away from their own families to meet the needs of others. It is thanks to all of these people, their whānau and the employers of our volunteers that our organisation was named the most trusted public sector organisation¹ for the fourth consecutive year.

Additionally, we have focused on putting in place the foundations we need to build a robust and sustainable organisation that meets our broader mandate to protect people, property and the environment. These include launching our strategic framework and our risk reduction and volunteerism strategies.

A key part of our new mandate is working with communities to help them to prepare for, survive and recover when

a major event or disaster happens. This was tested during the Tasman fires in February this year. As one of the bigger vegetation fires we've had in New Zealand in decades, it required significant resources nationally, regionally and locally, both within Fire and Emergency and with our partner agencies. Over many weeks our people worked together with other emergency services, local government and other partner agencies to provide seamless support to the Tasman District community, and ultimately to bring that event to a successful conclusion. There are always lessons to take from any event, so we will look at what we can improve to be even better prepared for the next one.

Of course, we couldn't have made the progress we have over the last year without the support of our people, unions and associations, and sector partners. We are committed to working with these key partners for the benefit of all New Zealanders.

I want to acknowledge and thank Deputy Chair Dr Nicola Crauford and Peter Drummond who completed their three-year terms on the Board. Both Board members brought considerable skills and experience to our work with Nicola having been a previous Chair of the Wellington Rural Fire Authority and Peter, a former Chair of the United Fire Brigades' Association. Their knowledge and expertise have been invaluable in helping to shape the future direction of Fire and Emergency. We welcomed Rebecca Keogh as Deputy Chair to the Board from 1 June and look forward to her contribution.

We conclude this year with a sense of achievement about the progress we've made but acknowledge the challenges ahead. We will be working hard to ensure that our people can continue to serve and support their communities.

On behalf of all New Zealanders, we thank our people for their outstanding work during the year. Communities can take great comfort from the knowledge that they are served by trained professional people who are motivated to keep them safe in their times of need.

A handwritten signature in blue ink that reads "Paul Swain".

Hon. Paul Swain
Board Chair

Foreword

Investing in our people Te whakapakari o ngā tāngata



Saving lives and protecting the things that are important to our communities are what we do. This year we've attended nearly 80,000 fires and other emergencies, including 13,640 medical emergencies, 9,982 motor vehicle accidents, 5,202 structure fires and 4,416 vegetation fires.

Now more than two years since we became Fire and Emergency New Zealand, we are making excellent progress integrating 40 separate organisations into a unified fire and emergency organisation. Our focus this year has been on developing the internal structures and processes that will ensure we can continue to meet the needs of the communities we serve now and into the future. We have done this while continuing to perform our vital role for all New Zealanders.

Our people are at the heart of Fire and Emergency and we need to invest in them so they can keep doing what they do so well. New Zealanders look to our people with respect and trust; every time they respond to an incident or speak with their community about being prepared for an emergency, they have the potential to change lives.

This year we've invested in more people to support our firefighters, in training and administration functions, equipment, appliances, technology, protective clothing, urban and rural infrastructure, in the development of our people and, most importantly, in their health and safety.

We welcomed our new Executive Leadership Team (ELT) and recruited our new Service Delivery Leadership Team (SDLT). Reporting directly to the Deputy Chief Executive, Service Delivery, SDLT's appointment was an important milestone being the first unified operational leadership structure in our organisation.

At the same time, we have focused on creating and maintaining a more diverse workforce that better reflects our changing communities and their needs through our recruitment campaigns for career and volunteer firefighters.

We are also focused on creating a workplace where everyone feels safe, welcome and included. In January we released retired Judge Coral Shaw's independent review into our workplace policies, practices and procedures to address bullying and harassment. That report highlighted a clear need for change. In April we released our Positive Workplace Culture Action Plan, which sets out our direction, priorities and the initiatives that will help us to address unwanted behaviour and implement the recommendations outlined in the report.

We've boosted support for our volunteers and their families. In June we announced the first components of our reward and recognition package. The annual payment of \$300, the \$50/night allowance when volunteers are away overnight for training, and other benefits recognise the personal impact of volunteering.

The benefits of being one unified organisation are visible every day. Our people are better equipped, better connected, better informed and working more closely together to do what they do best – protect life, property and the environment.

A handwritten signature in white ink, appearing to be 'Rhys Jones', written over a dark blue background.

Rhys Jones
Chief Executive



**We're building systems,
processes, culture
and capabilities
to strengthen our
ability to serve our
communities.**

What we do and why we do it

He aha ā mātou mahi, ā, he aha ai

On 1 July 2017, we celebrated the establishment of Fire and Emergency New Zealand, a Crown entity governed by the Fire and Emergency New Zealand Act 2017 (the Act).

The Act provides the mandate we operate under and sets out our principal objectives, main functions and additional functions.

Principal objectives



Reducing the incidence of unwanted fires and the associated risk to life and property



Protecting and preserving life, and preventing or limiting injury, damage to property, land and the environment

Main functions



Promoting fire safety (including guidance on the safe use of fire as a land management tool) and firefighting



Providing fire prevention, response and suppression services



Providing for the safety of persons and property endangered by incidents involving hazardous substances



Rescuing trapped people because of transport accidents or other incidents



Providing urban search and rescue services

Additional functions



The Act includes the following additional functions we may do if we have capability and capacity, and provided this does not affect our ability to carry out our main functions

Responding to:

- Medical emergencies
- Maritime incidents
- Weather events, natural hazard events and disasters
- Incidents where substances present a risk to people, property or the environment
- Any other situation if we are able to help



Promoting safe handling, labelling, signage, storage and transportation of hazardous substances



Performing rescues including line and animal rescues, and rescues from collapsed buildings, confined spaces, unrespirable and explosive atmospheres, and swift water



Providing assistance at transport accidents

We are funded primarily through a levy on insurance contracts where commercial and residential property and motor vehicles are insured against the risk of fire. Throughout 2019, the Government has been reviewing how Fire and Emergency is funded to ensure it can remain responsive and fit for purpose in future. This work will continue into 2020.



Māori are disproportionately affected by unwanted fires – that needs to change.

Our commitment to tangata whenua

Tā mātou tauākī paiherenga ki te Māori hei tangata whenua

As significant and growing land and forestry owners, Māori are important partners in risk reduction. Māori are also disproportionately affected by unwanted fires, and that needs to change.

Māori as community leaders have an important role to play in preventing fires and other emergencies, building community resilience, and informing emergency response. By committing to work with tangata whenua we contribute to a safer environment not only for Māori but for all New Zealand communities.

Our Māori Outcomes programme helps us build strong relationships with Māori as we design and deliver services. Our organisational leaders are driving this, guided by Māori.

This commitment to tangata whenua has seen us achieve many successes this year:

- We worked closely with iwi in the Tasman area both during and after the wildfires, establishing an engagement blueprint that can be used for future incidents.
- Our Māori Liaison Teams led fire risk management engagement with Māori communities at national, regional and local events such as the Tūhoe Ahurei, and regional and national secondary schools' kapa haka festivals.
- We worked with hapū following the devastating fire at Tapu Te Ranga Marae in Island Bay.
- We visited isolated Māori communities on the East Coast to share fire safety messages and ensure homes were fitted with working smoke alarms.
- Members of our ELT attended the official Waitangi Day dawn service where the Chief Executive Rhys Jones delivered the first ever karakia by a fire and emergency organisation.

- We are adopting and encouraging the use of te reo throughout our organisation.
- We have incorporated te reo and poutama on our trucks and in our visual identity.
- We have introduced te reo region names based on the traditional Māori story of Māui fishing up the North Island (the North Island is described as the fish of Māui, while the South Island is the canoe from which he hooked his great catch). Our new region names are:
 - **Te Hiku** – the tail of the fish of Māui (previously Region 1)
 - **Ngā Tai ki te Puku** – from the coast to the stomach of the fish of Māui (previously Region 2)
 - **Te Ūpoko** – the head of the fish of Māui (previously Region 3)
 - **Te Ihu** – the bow of the canoe (previously Region 4)
 - **Te Kei** – the stern of the canoe (previously Region 5).



Our strategic direction

Tā mātou ahunga ā-rautaki

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

Our five strategic priorities were identified within the Statement of Intent 2017–2021 and the 2018/19 Statement of Performance Expectations. They provide the focus for our organisation as we create a unified fire and emergency service capable of responding to the environmental, social and operational changes facing New Zealand. This will require us to create a connected, flexible and responsive service that is well led and has a valued, safe and supported workforce and coordinated services.

In doing so we will continue to play a critical role in ensuring community safety and resilience – and remain the organisation New Zealanders turn to in a time of crisis and for help in reducing the risk of emergencies through better preparation and recovery support.

Our new strategic framework and strategy will inform a refreshed Statement of Intent (2020–2024).

Our strategic priorities operate within the context of the Outcomes Framework and set out what we will focus on to enhance our impacts within communities. This is illustrated by the following strategy map.

Strategy map

Outcomes



Reduce likelihood of unwanted fire



Increase community resilience



Reduce consequences from emergencies



Organisational health and capability

Impacts



Buildings are safer
Public safety behaviour is enhanced



Recovery from major disaster event is swifter
Communities better able to manage major emergencies



Harm from fire is reduced
Medical treatment is expedited
Harm to environment from hazardous substances is reduced



Effective leadership and governance
Enhanced effectiveness and efficiency
Greater sense of engagement and belonging

Strategic Impacts



Greater emphasis on and effectiveness of risk reduction



Services better tailored to community needs and risks



Improved readiness for and quality of response to incidents



Effective leadership and governance
Enhanced effectiveness and efficiency
Greater sense of engagement and belonging

Strategic Priorities



Risk reduction and prevention



Stronger engagement with communities



Coordinated services



Building and shaping Fire and Emergency New Zealand
Developing a shared identity



Delivering to our strategic priorities

Ngā whakatutukitanga ki a mātou ahunga ā-rautaki

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





Risk reduction and prevention

Te whakaiti me te ārai i ngā mōreareatanga

Reducing risk is the single most important thing we can do to protect people, property and the environment.

Our people enjoy a special relationship with our communities, and we value the trust and confidence they have in us. We make a big difference to them by:

- focusing on risk reduction before and after incidents
- helping people plan and prepare for emergencies to increase their resilience, reduce the impact and allow them to recover faster.

Over the last year, alongside our current programmes and activities, we have laid the groundwork for our risk reduction targets for the next decade. We have focused on five key areas.

Strategy

Risk Reduction Strategy 2019–2029 *Reducing risk to make our communities safer* was published in May 2019. It sets out how, over the next decade, we intend to:

- influence standards and public policy formulation at national and local government level
- establish compliance and enforcement functions that motivate people to protect themselves, property, and the environment
- use research better so that our interventions are more effective
- be accountable for developing and implementing national risk reduction plans
- ensure our specialist resources meet New Zealand's needs.

Awareness and education

Raising awareness and educating about risk and fire safety are crucial parts of our risk reduction and prevention strategy.

Home fire safety visits are one of the most effective ways of delivering fire safety information in the community. Over the last year we have developed and strengthened partnerships with community groups such as Plunket, Oranga Tamariki, Māori health agencies and various local social housing providers to further increase our delivery capability and requests for this service.

19,149
Homes visited

...compared with 13,686 in 2017/18.

Summer risk reduction

Our “Check it's alright” campaign focused on reducing risk in rural areas most likely to be affected by a hot, dry summer: the eastern side of both the North and South Islands.

We spread the message “Check it's alright before you light – go to checkitsalright.nz” online, via regional radio stations, television and posters across New Zealand. Visiting the website allowed users to find out their local fire season status and, if needed, apply for a fire permit.



The campaign demonstrated strong levels of short- and long-term impacts. Two in five of those who recalled the campaign (equating to one in eight New Zealanders), said they changed their behaviour as a result, and motivation scores from our quarterly Kantar New Zealand fire knowledge and communications awareness survey lifted from 23 percent in March 2018 to 35 percent in March 2019.

Smoke alarms

Research showed us many New Zealanders didn't know what to do when we advised them to check their smoke alarms, so we made our annual daylight saving campaign more explicit.

This year's autumn campaign urged New Zealanders to ensure their smoke alarms were working by pushing the test button to sound the alarm.

The campaign achieved very high awareness levels, largely due to the high recognition levels of our

"Your only voice" television commercials. Billboards, social and digital ads also promoted this explicit call to action with the message: "Don't assume they're working, press the button to check".

As a result, short-term motivation was higher than in previous campaigns with one in three viewers (equating to one in four New Zealanders), saying they changed their behaviour as a result. Checking the alarm by pushing the button or checking the battery were the most common actions taken. Motivation scores in our quarterly Kantar New Zealand fire knowledge and communications awareness survey lifted from 13 percent in September 2018 to 30 percent in March 2019.

Escape planning

Two in five New Zealanders do not have any escape plan in case of fire, though the number of people claiming to have an agreed meeting point remains stable.

Our new "Escape my house" campaign uses television, digital and social media advertising to direct the public to our upgraded online escape planner at escapemyhouse.co.nz. This campaign encourages New Zealanders to create an escape plan for their home, because the difference between surviving a house fire and not surviving is often exactly that – having a plan.

In the first two weeks of the campaign, almost 10,000 people visited the website, and 54 percent of them completed the steps to learn what constitutes a good escape plan.

Unwanted false alarms

Around one-third of our fire incidents are false alarms. We have engaged a leading economic research and analysis consultancy to help us better understand the economic impact of false alarms. At the same time, we have begun working with the Fire Protection Association of New Zealand to help improve the quality of fire alarm installations across the country, with the aim of reducing the number of unwanted alarms.





Changing student behaviours and improving outcomes

Historically, Massey University in Palmerston North has experienced a disproportionately high volume of incidents. A number of concerning behaviours were contributing to the high volume of on-campus incidents, including nuisance alarm activations, nuisance fires and cooking in hostel rooms. There were also concerning behaviours in response to alarm activations.

A joint Fire and Emergency and Massey University liaison group now meets every quarter to review call-out results and address issues such as access to campus and fire warden training.

Our personnel engage directly with students at university events throughout the year (Orientation week, Health and Safety week, etc.). We help prepare students for life off campus in flats by reinforcing fire safety messages.

The liaison group has identified a need to educate new international students in the halls of residence about good fire-safe behaviour. This is delivered through on-site visits and presentations and by placing fire safety awareness posters throughout the halls of residence.

Since we began the pilot programme in 2018, fire call-out statistics are down.

Discussions are now under way to look at expanding the programme to the university's Albany and Wellington campuses, as well as using it as a template for similar working relationships with other universities.

Reaching new audiences with our fire safety messages

Te Ūpoko fire risk management officers have been working with Whanganui Prison on a pilot initiative, called Project Kaitiaki (meaning 'guardians'), to educate families who have historically been difficult to reach with our fire safety messages.

Between November 2018 and January 2019, Department of Corrections personnel and our risk management officers met with 183 men at Whanganui Prison (a mix of high- and low-security prisoners) to discuss fire safety and the benefits of home fire safety checks for their family and whānau.

The meetings included a fire safety discussion, with virtual reality demonstrations, and using the kitchen fire demonstrator to highlight the need to "keep looking while cooking".

We offered the men a consent form allowing us to contact their families to carry out home fire safety visits. Of the 183 men who took part, 98 of them requested home fire safety visits for their families across the country.

Feedback from attendees was extremely positive, with around 90 percent of respondents rating the programme as great.

The results and findings from the pilot were presented to the National Prison Directors Forum in April 2019 and talks are under way to extend the programme to a second prison within Te Ūpoko. There are also plans to develop a modified version, including information about motor vehicle safety, for a youth detention centre in the Manawatu.



Research

Over the last year we have strengthened the use of research across our organisation. We published a number of reports which can be found at fireandemergency.nz/research-and-reports.

A strong research capability aligns to and supports our risk reduction strategic priorities in several ways:

- **Relevant and effective knowledge:** robust internal processes ensure funded research is relevant, conducted effectively and results in knowledge and products we can use.
- **Improved internal capability:** improved awareness and understanding of research increases the quality of the questions asked, and expectations around evidence-informed decision-making.
- **Improved outcomes:** business outcomes are improved by applying research insights to organisational activities.
- **Developing collaborative partnerships and relationships:** developing strong relationships with other agencies and jurisdictions provides access to external research that benefits us.

Avoidable fire fatalities

9/4

Avoidable residential fire fatalities/no smoke alarm

Of the nine fire fatalities in 2018/19, four were in homes where there was no working smoke alarm, compared with nine fire fatalities in 2017/18 of which six were in homes where there was no working smoke alarm.



Fire fatalities research helps identify common causes of fire and those most at risk

In December 2018, we released a research report we had commissioned from Otago University that analysed coronial case files (2007–2014) to understand the circumstances of fire fatalities and develop a profile of the people who died in fires.

The research covered 118 deaths that occurred in 107 unintentional fires, and the key findings were that:

- adults aged 65 and over, males and Māori had the highest rates of fatality
- cigarettes igniting fabric in bedrooms or living areas were the major cause of fatal fires
- smoke alarms were fitted in half of the properties that experienced a fatal fire, but one-third of those alarms were not operational
- residential dwellings in urban areas of lower socio-economic areas had an increased risk of fire fatality.

These findings are now informing the work we are doing in targeting high-risk and vulnerable communities, as well as supporting other government initiatives such as Smokefree Aotearoa 2025.



Project Korowai reaches vulnerable communities

With 250 residential property fires and four fatalities in Porirua and the surrounding suburbs over the past five years, we conducted a study to determine the causes, locations and groups where these fires were occurring.

As a result of the study, in March 2019 we launched a joint initiative with Ngāti Toa Rangatira iwi based on an important whakatauki/proverb shared among local iwi: “Nā tō rourou nā taku rourou ka ora ai te iwi – With your knowledge and my knowledge our people will flourish”.

Project Korowai sees our people liaising with prominent local leaders and social service providers to strategically target and improve the safety and wellbeing of all people living in Porirua. The initiative aims to educate and empower local communities to be more self-reliant, inclusive and cooperative.

With the vital support of key representatives from our Māori, Samoan and Asian communities in the Western and Eastern wards of Porirua, we have held information and training workshops to educate community groups about their need to influence and help others to better protect and prepare themselves against fire hazards. Our people support these leaders and groups by providing home fire safety visits and smoke alarm installations.

Through the leaders, groups and stations involved with and within the Project Korowai area, we have obtained access to more than 700 other families in the Wellington area, including many who are considered most vulnerable, such as children and partners of gang-affiliated members.



Stronger engagement with communities

Te whakakikī ake i ngā herenga ki ngā hapori

We play a critical role in building resilient communities and reducing consequences from emergencies. Each community is different so we must be able to find the best ways to engage with them and deliver services that are appropriate to their risks and needs.

Whether it's a specific community programme, one-on-one support and advice, or actively participating in community and national events, we're working hard to better understand and reflect the communities we serve and help them reduce their risk of fire and other emergencies.

Working with key communities

Some groups are disproportionately affected by structural fires, including Māori and Pasifika peoples. Māori in particular are more likely to experience a fire, be injured, or die in a fire than other population groups.

That is why we have developed specific capability within our organisation to better engage with these key communities.

Kaupapa Māori/Māori communities and engagement

We recognise the importance of Māori communities as key partners in our work in contributing to a safer environment not only for Māori but for all New Zealand communities. This also includes recognising Māori as significant land and forest owners and the need to work with them as partners in risk reduction, building community resilience and informing community response.

Our Māori Liaison Team leads our fire risk management engagement with Māori communities at national, regional and local events such as the Tūhoe Ahurei, and regional and national secondary schools' kapa haka festivals.



This team also attends all fatal fires and many serious injury events to provide support and advice to the attending crews and any whānau involved.

Meanwhile our Māori language education programmes, “Māui tinei ahi” and “E puta! E noho ki waho!” remain popular with kura kaupapa Māori and kōhanga reo.

We are developing and strengthening long-term cultural capacity across our organisation through te reo Māori and marae-based tikanga Māori programmes.

In May 2019, we produced our 10-year Māori Outcomes programme to build the competence and confidence of our own personnel, and to grow engagement and strengthen relationships with iwi and Māori.

It will ensure we:

- have strong and productive relationships with iwi and Māori which recognise the importance of iwi being involved in managing the affairs of Māori
- include Māori views when communities identify their risks and needs and support Māori to take an active role in designing and implementing Fire and Emergency initiatives
- have increased capability and confidence across the organisation, to design and deliver evidence-based, culturally appropriate services and support functions
- increase the recruitment, retention and promotion of Māori personnel at all levels of the organisation
- develop initiatives across the emergency sector and with other government agencies to deliver improved services for Māori.



Spreading fire safety messages in isolated communities

Working with Ngāi Tūhoe iwi, our personnel joined the wider Ruatāhuna, Te Whaiti and Minginui communities in an initiative to educate whānau about fire safety and make sure every household in Ruatāhuna has a working smoke alarm.

Given the remoteness and isolation of these East Coast communities, the visit was organised to support the community and build strong, productive and meaningful relationships that will enable whānau to be more self-sufficient.

Over 50 Ruatāhuna locals and Fire and Emergency personnel visited seven marae and more than 150 households in the community to share fire safety messages and check that each home had working smoke alarms. More than 300 smoke alarms were either replaced or installed on the day.

Each household also received a bag of resources including torches, mini lamps, and activity books for the kids.

Afi Pasifika

We engage with New Zealand's Pasifika community through Afi Pasifika. We have over 80 Afi Pasifika representatives, with the main groups operating in Auckland, Wellington and Christchurch.

Our focus is on engaging with the Pasifika community through community groups, agencies and one-on-one engagement. We aim to build resilience in these communities and reduce risk through education, as well as improving our response and service to Pasifika communities through diversity in recruitment and career support.

We are delivering our messages and services through a combination of media (radio and social media), events, and home and community group visits.

For example, in Auckland this year our personnel attended four large Pasifika events (Warriors Emergency Services Day, Sirens and Sounds, Pasifika Festival, and ASB Polyfest), with around 25 of our people delivering fire safety messages and promoting smoke alarms and home visits to an estimated audience of more than 320,000 people over a total of eight days.

In February 2019, all members of the ELT were welcomed to Fire and Emergency with a kava ceremony and an introduction to Afi Pasifika.

Community programmes

Our people work with communities across the country every day, using a range of engagement programmes to help communities understand their role in reducing the risk of fire. Our key programmes are:

- **“Get firewise”**: a curriculum-based resource that gives primary and intermediate school children the knowledge they need to stay fire-safe and escape from a burning building
- **“Get out! Stay out!”**: a programme developed for early childhood. The programme has also been adapted for use in kōhanga reo (E puta! E noho ki waho!)
- **“Māui tinei ahi”**: designed for Years 1 and 2 (Māori medium education)
- **Fire Awareness Intervention Programme (FAIP)**: a free, consequences-based education programme designed to stop young people aged 5 to 17 lighting fires. Over 90 percent of participants are not involved in further fire-setting
- **“Escape my house”**: information kits used at community events, consisting of virtual reality goggles, a mobile phone and tablet, banners and printed resources. Participants are also encouraged to visit escapemyhouse.co.nz to develop a personalised escape plan for their family.

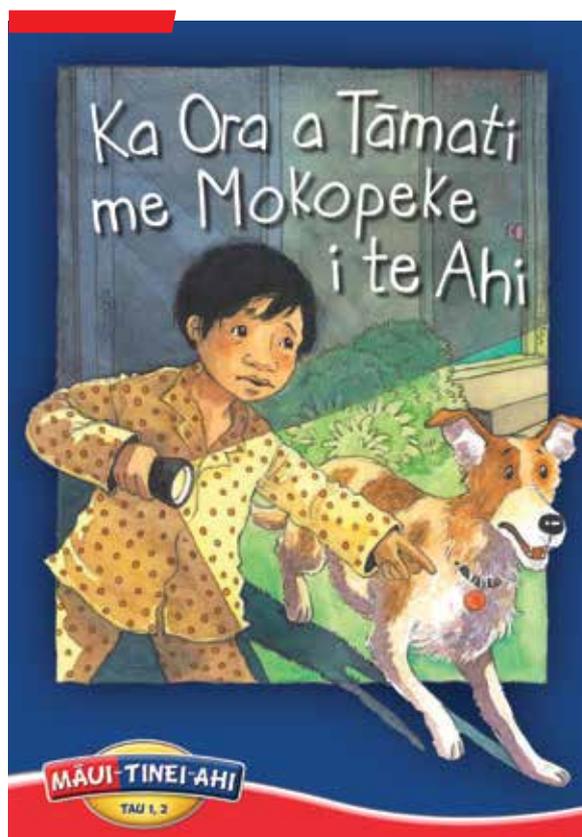
New bilingual safety programme targets at-risk children

On average, 18 Māori children die each year in preventable accidents and another 2,900 Māori children are injured.

Launched in Hawke’s Bay in April 2019, Te Kōtuku Bilingual Risk Reduction programme – a partnership between Fire and Emergency, New Zealand Police and the Māori Language Commission – has been designed to reduce the high number of avoidable accidents and hospitalisations among Māori children.

The programme consists of books and videos in te reo Māori and English covering topics such as road safety, wearing seatbelts and cooking in the kitchen. These were created by a Hastings fire station Senior Fire Officer.

The aim of the programme is to reduce serious injuries and loss of life to families while reducing the financial cost of accidents to district health boards, hospitals and the country. A secondary benefit is the promotion of literacy among children and their wider whānau.



Delivering “Get firewise” to hearing-impaired children

Everyone in New Zealand should be safe and protected, and we are working hard to identify those communities who require more support to reduce the risk of fire.

We delivered our “Get firewise” programme to Year 1 and 2 students in schools across the country. We have recently developed a modified programme specifically for hearing-impaired students through a partnership with the Van Asch Deaf Education Centre.

Van Asch is one of only three schools dedicated to hearing-impaired students and is the only one in the South Island. The programme is delivered by Fire and Emergency personnel fluent in Sign Language.

We delivered a pilot in November 2018 and plan to continue this with centres in other regions around the country.

In the community

Every year our personnel attend hundreds of community events around the country, large and small, to educate the public about fire safety and risk reduction.

Our personnel are present to share fire safety messages and use kitchen demonstrations and “Escape my house” kits to bring the messages to life. Key basic fire safety messages are delivered in English, te reo Māori and New Zealand Sign Language, including making escape plans, the potentially fatal consequences of unattended cooking, and the importance of smoke detectors in saving lives. We also take the opportunity to promote and sign people up for home fire safety visits.

The events also provide us with an opportunity to embrace and recognise diversity and inclusion, both within our own organisation and nationally, and to engage with some of our key community groups.



Waitangi

We were privileged to once again send a contingent of 60 people to attend the Waitangi Day commemorations.

Our people engaged with local iwi, the public and Ministers of the Crown as part of the free public festival on the Waitangi Treaty Grounds, providing fire safety information, demonstrations, and fun activities and challenges for children. An estimated 40,000 people attended the festival.

We also took part in the waka display with Iwi Liaison Officer Albert Cash, a kaihautu (captain) who is revered in



the world of waka in navigation, captaincy and knowledge in waka [hourua](#), [taua](#) and [tangata](#). He also passes on his knowledge of waka skills and protocols as we upskill our people in tikanga Māori.

And for the very first time for a fire and emergency organisation, the Chief Executive Rhys Jones, on invitation, delivered a karakia at the Waitangi Day dawn service. This demonstrates how far we have already come as a unified fire and emergency organisation.

The key messages he delivered were that we are committed to defending our communities, preserving life and protecting property and the environment.

But more importantly, that we need to value respect and diversity within our organisation, as well as in the communities we serve.



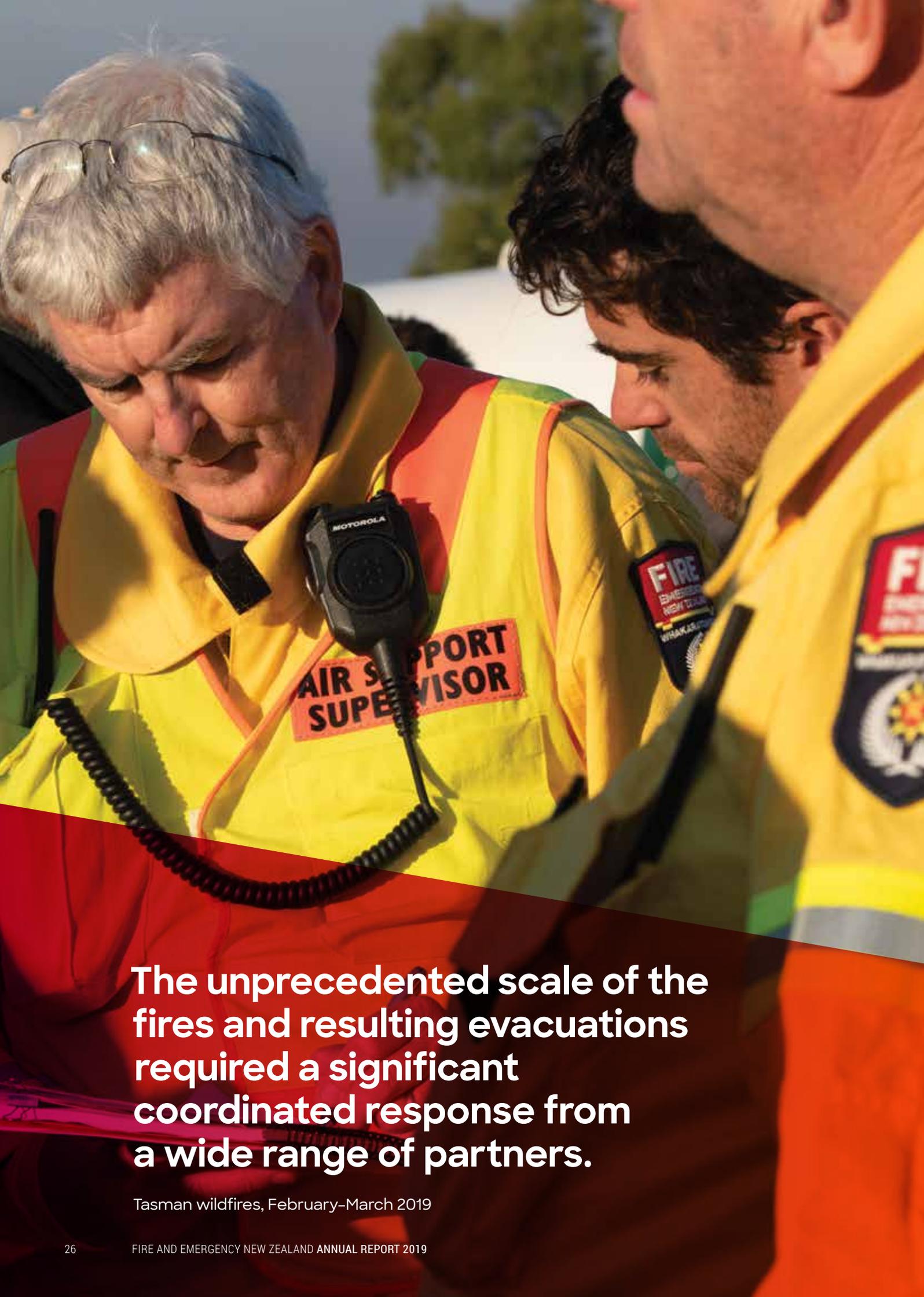
Bay Dreams Festival: a new way to manage risk

A new approach to how we ensure large festivals manage fire risk saw us deploy a small team to the Nelson Bay Dreams music festival over 3 – 4 January 2019 to personally deliver fire safety messages to the estimated 20,000 people attending the event.

A proactive presence at the festival from a small team of firefighters and National Headquarters communications personnel helped deliver the message in a friendly and relaxed way. Festival attendees were happy to wear fire safety stickers and pose for photos supporting the key messages.

Our on-the-ground presence was supported by a comprehensive social media campaign (Facebook and Instagram) with signage prominently displayed in and around the venue.





The unprecedented scale of the fires and resulting evacuations required a significant coordinated response from a wide range of partners.

Tasman wildfires, February–March 2019



Coordinated services

Te tapatahi o ngā ratonga

Our role is to ensure incidents are managed in a flexible, effective, efficient and seamless manner. This requires effective coordination of services across the broader emergency services sector.

We reduce the consequences of emergencies by:

- partnering with other emergency services to build capacity and capability across the sector
- improving our operational readiness
- responding to a wide range of incidents.

Partnering

To deliver an effective fire and emergency service, it is vital that we establish and maintain close working relationships with partners ranging from other emergency sector agencies and organisations to unions and associations, government and local government agencies, iwi and community groups, and our international partners.

We have developed an engagement and partnership framework to provide our leaders with a consistent and strategic approach to identifying and prioritising key relationships and strengthening our position as a trusted leader in the sector.

Throughout the year we have progressed our relationships with a broad range of partners, collaborating on several initiatives, including:

- **St John New Zealand:** work has advanced on a new Memorandum of Understanding (MoU) with a view to aligning it with our new engagement and partnerships framework. According to St John, our responses to cardiac or respiratory arrests contributed to a survival rate of 13 percent. Where patients received early defibrillation from Fire and Emergency personnel (119 patients), 30-day survival after the event was 17 percent.
- **Wellington Free Ambulance:** our second ambulance partner we work with under a MoU that is being reviewed.
- **Housing New Zealand (HNZ):** our MoU is being refreshed, with the intention of moving to a principles-based relationship agreement in line with our new engagement approach. HNZ has expressed an interest in collaborating and sharing research on communities and vulnerable groups that we both serve. Significant

progress has been made around sharing data between the agencies to enable better data quality, to improve our operational response and HNZ recovery and risk reduction processes.

- **Territorial authorities:** a key relationship for the success of our new mandated powers is with territorial authorities. Development of a local government engagement strategy has started. This will define how we work with them and collaborate with their agents to reach our shared community goals. The completed strategy will be communicated through Local Government NZ and the Society of Local Government Managers before individual relationship agreements are established with our local government partners.
- **Department of Corrections:** both Chief Executives signed a relationship agreement on 1 November 2018. Since then we have assisted in a workshop to understand and quantify the risk of fire in custodial facilities. The workshop focused attention on the high risk to life when individuals are unable to freely evacuate and the increased responsibility that this places on our personnel in these facilities, along with the need to have jointly developed operational response plans that recognise the unique challenges these facilities represent.
- **Emergency Services Coordination Group (ESCG):** a quarterly forum for Chief Executive representatives of key emergency sector agencies to share information and discuss further opportunities for sector collaboration. We have also actively participated in a range of initiatives resulting from the Government's response to the Technical Advisory Group review into improvements to the emergency management system, including being involved in a steering group tasked with:
 - reviewing and evolving the sector's Coordinated Incident Management System (CIMS)
 - developing an Emergency Management Common Operating picture (EMCOP) software tool (currently in pilot).

- Airbnb:** an MoU was signed in December 2018, giving our personnel the opportunity to be accommodated in Airbnb properties during significant emergencies. This was used for the first time during the Tasman wildfires. The MoU also gives us opportunities to share fire safety messages with Airbnb hosts through their internet portal.



Urban Search and Rescue (USAR)

As part of the requirements for being an International Search and Rescue Advisory Group (INSARAG)-classified heavy USAR team, we are required to hold an annual 36-hour exercise. The exercise also aims to improve incident management across main and additional functions.

This year our major search and research exercise was held in Hokitika. USAR Exercise Arahura simulated an 8.2 Mw earthquake at 0405 hours on Monday 29 October 2018, centred in the Fox Glacier area on the South Island's West Coast.

A USAR team was deployed to Hokitika where there was a loss of communications, fatalities, injuries and people trapped within structures. The exercise concluded on 31 October 2018, was formally evaluated using the USAR classification checklist, and deemed a success in terms of the positive engagement with the local authorities, other emergency services partners, and our volunteer brigades.

Partnering with Police to improve road safety

Lawrence, located on State Highway 8 (SH8), is known as the gateway to Central Otago and the inland towns of Queenstown and Alexandra. A section of the road through Manuka Gorge to Raes Junction is designated as 'high risk' or 'extreme high risk' of serious injury. More than 5,000 vehicles a day use the road during the holiday periods.



Over the last two years, the Otago “Driver Reviver” campaign has provided weary drivers returning from holiday with a roadside rest stop at the Lawrence fire station. Lawrence Community Police have worked with our local volunteer brigades from Lawrence and Waitahuna to provide complimentary refreshments and help spread the road safety message.

The “Driver Reviver” was run alongside other holiday road safety initiatives, which included messages in local papers and social media, a crashed vehicle on display at the entrance to Lawrence township, with Police and Fire and Emergency handing out lollies.

The initiative has been so successful over the past two years that the area has had no crashes over the holiday periods.



Exercise Manaaki prepares the Manawatu region for disaster

Every year, the Manawatu District Council conducts a major civil defence and emergency management exercise. This helps to give practical experience to emergency response teams and to test new procedures.

The exercise is based around a mock emergency scenario and involves around 120 personnel from the New Zealand Defence Force, Police, Fire and Emergency, MidCentral District Health Board, Red Cross, Manawatu District Council, the Rapid Relief Team and a range of rural and suburban community groups.

In March this year, our firefighting and USAR teams travelled to Royal New Zealand Air Force (RNZAF) Ohakea to participate in Exercise Manaaki. The day started at 9.00am with a briefing three days after a magnitude 8.9 earthquake had struck on the Hikurangi subduction zone, causing large scale damage to many residential homes and buildings as well as a 2-metre-high tsunami along the coast. The focus was on conducting welfare checks and rapid building assessment in a residential area.

The exercise provided an opportunity to:

- test new procedures for community-activated emergency centres to ensure they are fit for purpose in an emergency
- exercise psychosocial support systems
- practice transition to recovery for building and needs assessment
- test the suitability of newly developed welfare stickers for welfare agency coordination.

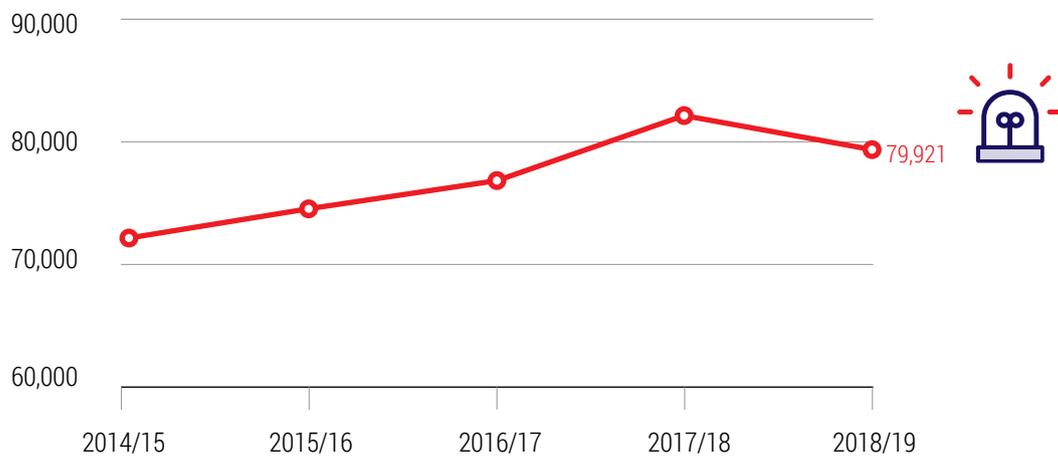
Response

Incidents

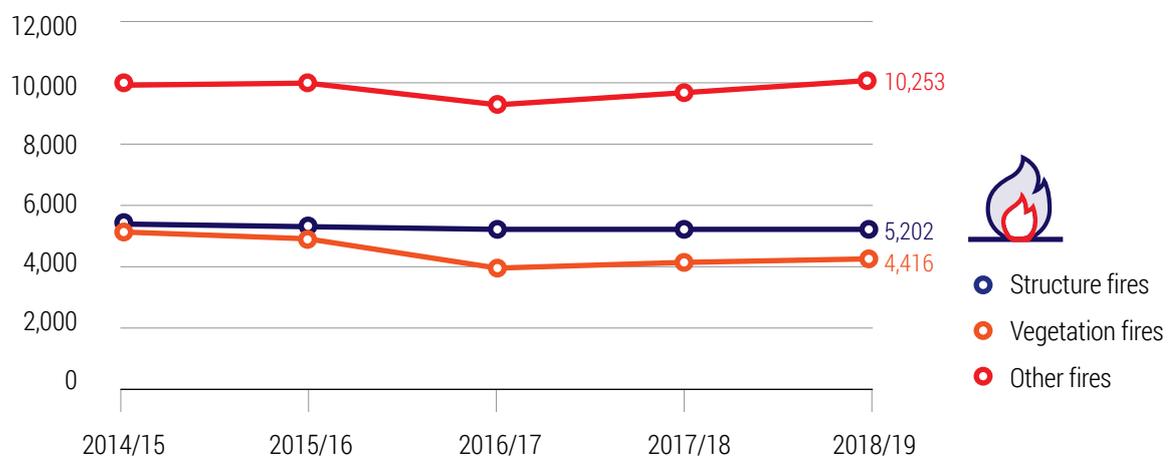
During 2018/19, we responded to 79,921 incidents, a decrease of three percent from the previous year.

While the total number of incidents has fluctuated over the last five years, the overall trend in the number of incidents attended is upward.

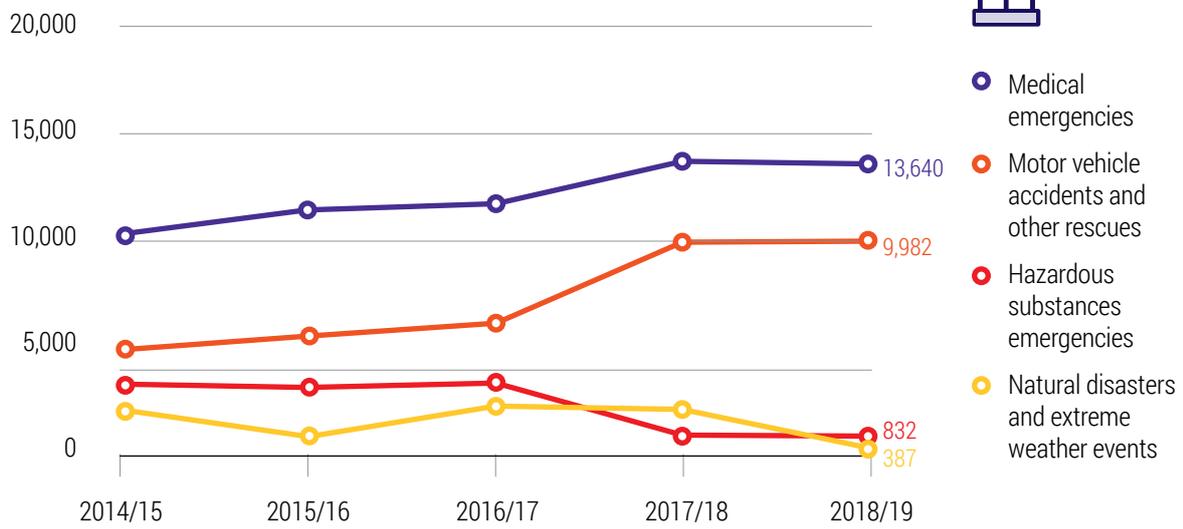
Total incident numbers for the last five years



Fire incidents attended for the past five years



Non-fires attended for last five years



- Medical emergencies
- Motor vehicle accidents and other rescues
- Hazardous substances emergencies
- Natural disasters and extreme weather events

NOTE: The manner in which Fire and Emergency (including its predecessor organisations) collects some incident-related information has varied over time. It may consequently not be possible to draw meaningful comparisons or conclusions from information across different date ranges. In particular, information gathered and now held by Fire and Emergency may be limited or affected by changes to incident reporting processes from 1 July 2017, especially (but not exclusively) in relation to vegetation fires, chimney fires and, in 2018/19, natural disaster/weather-related events.

Tasman wildfires: February – March 2019

In early February 2019, fire broke out in Pigeon Valley in the Tasman area, damaging forestry, farms and property and marking the start of one of New Zealand's largest vegetation fires. The wildfires tested the response capabilities of New Zealand's emergency services and allowed us to demonstrate the lessons learned from the Port Hills fires in February 2017.

At the time of writing, the Tasman operation is still the subject of an independent review commissioned by Fire and Emergency. While there will undoubtedly be aspects of the response that we can learn from and improve, anecdotal feedback indicates that our overall response to the wildfires was well planned and coordinated.

Reducing risk

Before the fires, the Nelson-Tasman area had been experiencing severe drought conditions and extreme fire risk, leading us to take a series of measures designed to reduce risk and prepare the community and emergency services for the possibility of significant vegetation fires.

These measures included cancelling all fire permits, declaring a prohibited fire season, and working with stakeholders to close access to high-risk areas.

Responding

Due to the size of the fire and the risks to life and property, the fires quickly became a significant national event with a state of emergency declared for the Nelson and Tasman regions. This remained in place until the end of February 2019 and incident management was formally handed back to forest owners at the end of March 2019.

Nelson-Tasman Emergency Management coordinated the multiagency response. Fire and Emergency staff came from the length and breadth of the country to help fight the fires, and four National Incident Management Teams (NIMTs) were deployed for a week at a time to manage our response.

Urban and rural firefighters worked together to protect homes and stop the fire spreading. Our USAR teams carried out rapid disaster assessments giving damage reports to the local authority. They also deployed remotely piloted aircraft systems (RPAS) to identify hotspots and give real-time information on resources.

Aircraft and other firefighting machinery were vital in containing the spread of the fire and protecting nearby infrastructure and assets, especially in the early days.

Coordinating and engaging

We coordinated our response with multiple other agencies and partners, including the New Zealand Defence Force (NZDF), Department of Conservation (DOC), forestry contractors, forest growers, other contractors (such as pilots), Civil Defence Emergency Management (CDEM), local government, iwi and communities.

With accommodation in short supply, our USAR teams constructed a fire-camp – providing tents, cots and washing facilities for up to 100 (and sometimes more) people a night.

Working in partnership with the local CDEM group, our community engagement included:

- engaging with Te Tau Ihu (upper South Island tribal collective) who advised on culturally sensitive sites affected by the fires
- daily (up to four times daily) briefings to mayors, councils and local members of Parliament
- community meetings
- media updates.

We also kept senior central and local government officials informed and engaged.

The involvement of iwi in the incident was considered a model for future large long-duration incidents.



23
helicopters



27
appliances



150
firefighters



23
bulldozers, excavators
and other heavy machinery

The Tasman wildfires were among New Zealand's largest ever fires and one of the most expensive to contain.

At the peak of the fire, 23 helicopters were involved in the firefighting, along with two fixed wing planes; 27 appliances; 150 firefighters; 23 bulldozers, excavators and other heavy machinery. By the time they were suppressed, the fires had burned an area of 2,400 hectares with a 35 kilometre perimeter, and resulted in the evacuation and displacement of over 3,000 people from their homes and businesses for more than a week.

2,400 ha

Burnt area

35 km

Perimeter

3,000

Displaced people



International deployments

Over the last year, we deployed over 200 personnel to assist with firefighting efforts in Canada, the United States of America (USA) and Australia.

The risks associated with climate change are growing for New Zealand's emergency services with serious weather events, other natural disasters and major plantation fires increasing in number and intensity.

Our reciprocal arrangements with international partners not only provide our personnel with valuable training opportunities but also have significant goodwill benefits to New Zealand in terms of improved trade and diplomacy outcomes.

The scale and complexity of the fires in these countries provide personnel within Fire and Emergency and our partner agencies – NZDF, DOC and forestry companies – the opportunity to help our international allies in their

hour of need and gain unique learning and development opportunities, especially at an interagency level.

In August 2018, we joined Australia in a combined deployment to help with the response efforts to wildfires in both Canada and the USA. We deployed 103 personnel from Fire and Emergency and our partner agencies. Around two-thirds of these personnel were deployed to Canada with the rest deployed to the USA.

In January 2019, we deployed 81 people across three rotations to Tasmania to assist the Tasmania Fire Service with the state-wide wildfires that began burning in December 2018.

In addition to the Tasmanian deployment, in March 2019, 43 personnel were deployed to Victoria for a 24-day period where 107 separate fires were burning state-wide at the time.



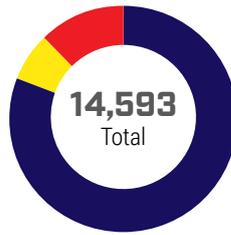
Building and shaping Fire and Emergency New Zealand

Te whakatū i te Ratonga Ahi me ngā Ohotata i Aotearoa

People profile

as at 30 June 2019

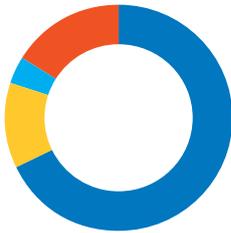
Our people



- 1,810 Career firefighters
- 11,801 Volunteers
- 982 Management and support personnel

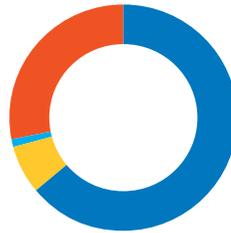
Our ethnicity

Career firefighters



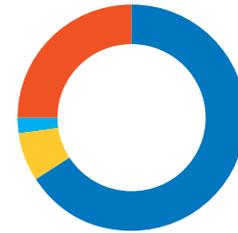
- 68% New Zealand European
- 12% New Zealand Māori
- 4% Pasifika
- 16% Other

Volunteers



- 64% New Zealand European
- 7% New Zealand Māori
- 1% Pasifika
- 28% Other

Management and support



- 66% New Zealand European
- 7% New Zealand Māori
- 2% Pasifika
- 25% Other

Our gender, age and length of service

Career firefighters



Female 5% Male 95%

45

years
Average age

17

years
Average length
of service

Volunteers



Female 18% Male 82%

44

years
Average age

10

years
Average length
of service

Management and support



Female 40% Male 60%

48

years
Average age

9

years
Average length
of service

Good employer obligations

We are committed to being a good employer, meeting our obligations under section 118 of the Crown Entities Act 2004 and embedding the principles of equal employment opportunities into 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
- personnel development, promotion and exit
- flexibility in work design
- remuneration, recognition and conditions
- harassment and bullying prevention
- a safe and healthy environment.

The following section highlights the key initiatives we have implemented over the past year to meet our obligations as a good employer.

Attracting the right people

Demographics

The make-up and expectations of society and our communities are changing, and we need to change with them to ensure we are the organisation our communities expect us to be. We need to be able to connect with people from all backgrounds in order to protect them and make them feel safe.

We are an aging society where the number of people aged 85 or older is expected to more than triple in the next 30 years. We are also becoming more ethnically diverse – more than a third of New Zealanders now identify themselves as Māori, Pasifika or Asian, yet less than 10 percent of our workforce represents these demographic groups.

Women are also seriously under-represented in our organisation. Progress is being made on this, and in 2018/19 the number of women in Fire and Emergency increased from 16 to 18 percent.

Recruitment

Creating a diverse and highly skilled workforce is a key aim for our organisation. Recruitment plays a critical role in supporting a diverse and inclusive workforce, and we are developing a recruitment strategy that will ensure we have the right people, with the right skills, at the right time. The strategy will have four key themes:

- development of an attraction and recruitment brand that articulates what we stand for and the benefits of working for us
- changing public perceptions of the opportunities available to volunteer and build a career with us, and the types of people who would be a good fit for these
- driving enhanced practices and processes across all recruitment streams
- informing our recruitment investment plan.

Recruitment campaigns for career firefighters take place twice a year before each round opens in February and July. This year, targeted social media campaigns used imagery of real firefighters and encouraged those interested to attend a Practice and Information Day to learn about the reality of the role. In the second phase of the campaigns, messaging changed to tell applicants to "apply now". The campaigns relied on radio and social targeting, plus billboards and bus backs, to target a wide pool of applicants, specifically women and people from diverse ethnic backgrounds.



Trial boot camps help new recruits prepare for fitness test

Increasing the diversity of our people is vital if we are to effectively engage with the communities we serve.

A recruitment round in 2018 saw more women than ever applying to be career firefighters with 161 women – 16 percent of the total number of applicants. However, the rigorous Pre-Entry Physical Test (PPT) often proved too big a hurdle for many prospective recruits as they weren't adequately prepared for what it involved.

Identifying this issue, trial boot camps were held in March 2019 at our Mt Wellington training centre to give prospective recruits the opportunity to get fitter before taking the PPT. The programme aimed to give applicants better guidance so that they knew what to expect and could better prepare.

The boot camp had a strong focus on attracting and supporting under-represented groups in our organisation with women making up most of the participants.

The trial is now being evaluated and, if the results are strong, the format will be rolled out nationally.

Volunteerism strategy

Alongside our career personnel, volunteers are critical to fire and emergency management, to community resilience, and to our organisation.

Currently, volunteers make up 81 percent of our personnel, and provide essential services across the country – in particular, in coverage outside our major cities.

However, our volunteer model is coming under pressure. There are greater calls on our volunteers' time and on the goodwill and capacity of their families and employers.

At the same time, our people are operating in an increasingly complex environment, both in the type of incidents they must respond to, and the impact of climate change, with increasing incidence of wildfires, flooding and landslips in recent years.

Following consultation with our personnel in late 2018, we published our Volunteerism Strategy 2019–2029 *Enabling sustainable volunteerism* in May 2019.

The strategy acknowledges the central role of volunteers to Fire and Emergency and affirms our commitment to our volunteers and to volunteerism.

It recognises the shared responsibility of all our leaders and the vital role our career personnel play in supporting our volunteers. It also acknowledges the opportunities and challenges ahead and sets out our intent to build a future where volunteers, volunteerism and Fire and Emergency will thrive.

Over the year we have made good progress on initiatives designed to improve volunteer support, delivering:

- 67 full-time-equivalent roles across:
 - regional field training
 - training support and development
 - volunteer support
 - regional volunteer development
 - administration support
 - recruitment capability and support
 - innovation
- a crowdsourcing innovation tool (Beacon) to engage and collaborate with our personnel on ideas for potential change
- improvements in partnership with the United Fire Brigades Association (UFBA) to connect brigades to online accounting software Xero, and increase access to leadership, governance and wellbeing training.



Adopting area-wide approach to recruitment

For many volunteer stations around the country, recruitment continues to be a serious challenge.

This year we have trialled a series of area-wide volunteer attraction campaigns to maximise the impact of our promotional activities and increase awareness of and interest in joining our organisation.

The first trial was held on the West Coast in August 2018. The region has a small population dispersed geographically across many small communities. In total there are 21 urban and six rural stations from Karamea to Haast, all of which have volunteer crews. With over 1,000 incidents each year, there is a need to recruit over 120 new personnel.

Open nights were held across all 27 stations at the same time on the same day. Packs were created to hand out at the open nights, including pre-application and sign-up forms.

This allowed us to run a single campaign across the region using local newspapers, community publications, posters, flyers and local radio, as well as social media activity. A diverse group of local volunteers were the face of the campaign.

The results were extremely encouraging with 109 people attending the open nights and 77 people taking their interest further. Additional leads came in both before and after the open nights. The campaign also generated a large amount of interest across the region and attracted a lot of local media attention.

As a result of this trial, we have now run campaigns in Northland and the East Cape, slightly modified to meet local needs, producing similar results.

Providing a supportive environment

Culture

We are building a strong, positive and inclusive Fire and Emergency culture that attracts diversity and realises its value, as well as reflecting the communities we serve.

Our culture values people with different personal beliefs, values, skills and life experiences.

We are creating an environment where everyone feels valued, safe, welcomed and has a sense of belonging.

This year, we began implementing our Diversity and Inclusion Strategy. Our priorities are:

1. Empowering respect, equity and fairness.
2. Enhancing our leadership capability and accountability.
3. Creating an inclusive environment that promotes health and wellbeing.
4. Strengthening foundations through policy, governance, and monitoring.

We have focused on:

- developing fit-for-purpose policies and processes that drive respect and inclusion
- supporting and growing inclusive networks
- enhancing inclusive leadership capability and accountability at all levels
- establishing clear and visible support and processes for addressing unwanted behaviour
- developing and implementing an evaluation framework, metrics and monitoring programme so we can measure our progress.

In July 2018, we commissioned an independent review into our workplace policies, practices and procedures to address bullying and harassment at Fire and Emergency. Headed by retired Judge Coral Shaw, the group released its final report and recommendations of the [Positive Workplace Culture Review](https://www.fireandemergency.nz/research-and-reports/positive-workplace-culture-review) (fireandemergency.nz/research-and-reports/positive-workplace-culture-review) in January 2019. The report highlighted a clear need for change to remove unwanted behaviour from our organisation.

In February 2019, we conducted our first People Survey, with almost 1,170 volunteers and 1,240 employees participating in each survey. The main themes identified in each survey were very similar for both volunteers and employees.

Overall, our people told us our organisation is great to be part of, and that their individual teams work well together. The areas they felt we needed to improve were in the way we deal with bullying and harassment, provide regular and effective feedback, and manage poor performance.

In April 2019, based on the findings of both the independent review and the people surveys, we released our [Positive Workplace Action Plan](https://tinyurl.com/positive-workplace-actionplan) (tinyurl.com/positive-workplace-actionplan) setting out our direction, priorities and initiatives for how we will address unwanted behaviour and implement all 33 recommendations outlined in the Shaw Report.

We have also established the Behaviours and Conduct Office, responsible for developing and promoting ethical workplace conduct, behaviours and professional standards through strategic leadership and accountability. The office will establish systems at all levels and across all positions, to ensure our people are educated, supported and accountable for their conduct and behaviour.

New Zealand hosts the Women and Firefighting Australasia Conference

Women and Firefighting Australasia (WAFA) is an organisation that provides a focal point for women who work and lead across all levels of firefighting organisations. WAFA provides members with connection and support, and presents opportunities to advance the agenda of women in the firefighting services as part of the broader diversity and inclusion discussion.

The biennial WAFA conference brings people together to share experiences of women in firefighting in a way that allows open discussion of women and men's experiences and to 'take the pulse' of the role of women in firefighting.

On 26–28 September 2018, more than 230 delegates from around the world gathered at Te Papa in Wellington for the 2018 Women and Firefighting Australasia conference – the first time the conference had been hosted outside Australia since its inception in 2005.



The conference theme was 'Looking forward, looking back: shaping the new norm', recognising the change that many fire agencies across the world have undertaken and acknowledging the need to look at our history to help shape our future.

Attendees participated in hands-on training activities and workshops and listened to inspirational keynote speakers from senior leaders of fire agencies from Australia, the USA, the United Kingdom and New Zealand, including Minister of Internal Affairs Tracey Martin and Fire and Emergency Chief Executive Rhys Jones.

Delegates surveyed during the conference indicated that progress is being made in firefighting agencies in terms of creating gender equality, fairer treatment of people and empowering women.

Specific actions identified included:

- the establishment of workplace and behaviours training sessions
- the creation of diversity and inclusion groups
- women on boards
- personal development and pathway opportunities.

Reward and recognition

During 2018, we undertook significant work and targeted research to develop new Volunteer Reward and Recognition initiatives aimed at delivering an equitable and contemporary range of policies and benefits for our volunteers, with increased focus on families and employers.

In June of this year, we announced a \$4 million/year package for the first phase of these initiatives, including a \$300 annual allowance, a \$50 overnight allowance for family and whānau, access to member discounts on products and services, access to health insurance options, and an employer promotion scheme.

Consultation is now under way on a further set of initiatives that are expected to be worth several million dollars annually.

Helping our people to achieve their best

Ensuring our people have the right skills, knowledge and attitudes to deliver for communities is fundamental to them being able to do their jobs. We are committed to investing heavily in training, development and leadership.

Training programmes and courses are carried out across the country, including residential and online courses, in-station training and blended learning.

	2017/18	2018/19
Courses delivered	2,786	3,268
Attendees/training throughput	21,608	24,989

As our organisation evolves, we need to ensure that our leadership capability evolves with it, creating an organisation that is strategically led and responsive to our changing needs.

Leaders at Tier 2 completed a nine-month Strategic Leadership programme focusing on the development of their strategic leadership capability. The programme featured residential workshops, coaching, a 360-feedback tool and action learning groups.

We also piloted an Incident and Development Leadership programme targeting personnel at the commander level.

In March 2019, we launched our Station Officers Role Transitions programme, designed to help our front-line leaders make one of the biggest transitions of their career. Enrolment in the programme takes place shortly after appointment into a Station Officer role and features a two-day workshop, online modules and a workbook to support ongoing learning on the job.

Keeping our people safe

The safety, health and wellbeing of our people is of paramount importance.

We know our work is physically demanding and can expose our people to physical and psychological risks that cannot always be eliminated. We are committed to making sure we support all our people at work, so they get to go home safe and well every day.

We are also building an organisation where people feel valued, safe and engaged in the workplace. Our leaders know their people and how to support them, and we work together with our people and their representatives to manage our risk environment.

During the year, we advanced safety, health and wellbeing initiatives across the organisation under the following two key focus areas of our Safety, Health and Wellbeing strategy.

Reducing harm and supporting recovery

We have rolled out Safe@Work across the organisation – a new technology support tool that makes it easier for our people to report work-related injuries, illnesses or near misses, including psychological wellbeing concerns. Safe@Work enables us to analyse injuries, illnesses, exposures and near misses affecting Fire and Emergency employees, volunteers and contractors using one database.

We introduced Well@Work to our rehabilitation and support technology system to help the Injury and Illness Management Unit Team in the services they provide.

We have co-designed high-level processes for consistent management of the risks inherent in working with multiple contractors of goods and services in non-emergency and incident-related situations. These processes are ready for piloting and exploring technology support in the 2019/20 year.

Deputy Chief Executive (Service Delivery), Kerry Gregory, speaking at the pōwhiri for the new ELT at Newtown station on 4 February 2019.



Developing good leadership and building a learning culture

We developed a psychological wellbeing workshop for all leaders by position and influence at Fire and Emergency to help them understand themselves better, to know what support is available, and to know how to support their people and colleagues. This approach acknowledges that workplace culture develops and matures as much through collegial influence as through positional leadership. Approximately 10 percent of leaders have participated in a workshop so far, with the aim to deliver these face-to-face workshops for 70 percent or more of our leaders by 30 June 2020. The workshops are part of the umbrella Critical Incident and Personal Stress Support (CIPSS) programme which is focused on ensuring all our people have access to the safety, health and wellbeing support they need, whatever their roles or locations.

In 2018, we started developing a set of health standard checks to help everyone stay safe, healthy and well, and to pick up on any concerns at an early stage. This will help our people to access support and treatment services so they can keep working for our organisation. The checks will cover assessments of physical readiness, physical health and psychological wellbeing for people who carry out operational activities and deal with situations in the course of their work that may impact one or more of these areas.

We have spent this year engaging with our people and key partners to seek feedback on the proposed framework and to begin the detailed co-design process.

This has involved:

- good practice research at a national and international level (both fire and emergency services as well as other organisations)
- input from external subject matter experts (psychological health and wellbeing, biomechanics and physiology, and occupational medical)
- internal subject matter experts in operational activities (including urban, rural, career and volunteer firefighters)
- expertise in health and safety legislative requirements
- information and communications technology, financial modelling and process design expertise.

Over the year, we have been rolling out psychological wellbeing workshops for leaders by position and influence with a view to improving safety, health and wellbeing for responders. Feedback on the workshops has been positive.

All leaders will be given an opportunity to attend these workshops over the coming year.



Developing a shared identity

He tuakiri kua tohaina

It has taken time to bring 40 separate organisations, each with their own history and culture, together to collectively design how the new organisation will look and behave.

Over the last year, we have made significant progress in developing this shared identity and building the diverse and inclusive organisation our communities need.

New Executive Leadership Team reflects unified structure

The first step in this process was to consult with the organisation, unions and associations on a proposed operating model that sets out the changes we need to make to build a unified, fit-for-purpose organisation.

We were then able to design and recruit our new ELT, which took effect from 1 February 2019. The role of Deputy Chief Executive, Service Delivery brings together all operational responsibilities and activities under a single direct reporting line for the first time.

Creating a unified brand

Creating a new visual identity that represents Fire and Emergency has involved more than 160 people from all parts of the organisation, representatives from our unions and associations, and feedback from members of the public.

We have focused on three key areas: our uniform, vehicles and stations.

An important element of being identified as Fire and Emergency is our uniform. What we wear matters so we have been working to develop a new-look uniform that is intended to be fit for purpose, distinctively us, for our people to feel part of one organisation and give the public confidence.

In February 2019, we commenced phase two of the project, involving the selection of uniform pieces, the procurement phase, and laboratory testing and field trials to ensure they meet safety standards and are fit-for-purpose.

Rebranding vehicles has been a two-year programme, with 93 percent of vehicles completed by 30 June 2019. With some minor exceptions, vehicles with less than two years' service remaining have been excluded from the programme.

A secondary branding exercise has seen all new appliances and appliances transferring between stations fitted with te reo Māori livery.

A strategic framework: our values, vision, purpose and operating principles

Throughout the year, we have been focused on developing a strategic framework that will help to unify and create a clear direction for our organisation.

The key elements of this framework were developed from the consultation process we undertook with our people and their unions and associations on the proposed operating model.

As summarised in the following diagram, the elements work together to help us create a robust and sustainable organisation that better meets the changing needs of the communities we serve, and the broader work we now do. They will help us maintain the trust and respect of New Zealanders.

We are Fire and Emergency New Zealand

Ko mātou te Ratonga Ahi me ngā Ohotata i Aotearoa



Our Purpose

Protecting and preserving lives, property and the environment

Our Vision

Stronger communities protecting what matters

Our Outcomes

Communities prepare for, respond to and recover well from emergencies
Our services are valued and trusted
Social, economic and environmental impacts from emergencies are minimised

Our Strategic Priorities

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

Our Values



We do the right thing
Kia tika



We serve and support
Manaakitanga



We are better together
Whanaungatanga



We strive to improve
Auahatanga

Our Operating Principles

Put safety, health and wellbeing first
Value people
Champion inclusion
Strengthen communities
Work together
Drive change
Be accountable



Our performance

Te āhua o ā mātou mahi

- Capital investment
- Statement of performance



Capital investment

Te haumitanga matua

The establishment of Fire and Emergency, with its large asset base and significant financial strength, has created an organisation with a greater capability to keep our communities safe.

Our asset base is \$1.28 billion and includes 652 stations with associated plant, equipment, and information and communications technology, and 1,204 fire appliances nationwide.

Our capital investment programme has focused on five priority areas over the last year: property (including the Christchurch rebuild), the seismic strengthening programme, rural facilities, fleet management and information and communications technology.

Property programme

New builds and refurbishments

This year, 19 new builds were started or completed and 20 existing properties refurbished.

Throughout the year, projects started at Lake Okareka, East Coast Bays, Mangawhai Heads, Real Fire Training Building (live fire) and Rawhiti.

Two more projects started at Kaiapoi and Ilam, as part of the Christchurch rebuild programme.

The Christchurch rebuild, which will deliver 13 new builds by 2023, has now seen a total of eight new builds completed, with one new station completed during the 2018/19 year – the new Redwood career station in Casebrook, Christchurch officially opened on 24 June 2019.

A comprehensive national condition assessment of all rural facilities started in 2018. On-site and desktop assessments were initially conducted on all sites, with a programme of comprehensive formal on-site assessments of the conditions of rural facilities – which started in January 2019 and completed in June 2019. The results have been used to inform and prioritise a capital investment programme for the next two financial years.

This financial year, \$5 million was allocated for rural station upgrades across the country with a further \$1.5 million committed to replacing rural operational equipment. Over the year we:

- progressed priority upgrades of rural facilities to resolve urgent issues (e.g. ablutions, decontamination

facilities, power capacity, water supply and heating, appliance bay door replacement, and siren and aerial pole installation)

- advanced rural and urban co-location projects to bring our people together (e.g. Rangiora Area Office, Auckland Regional Office, Thames, Porirua, Wellington Regional Office, Blenheim, Timaru Area Office, Dunedin Regional Office, Queenstown Area Office, Twizel, Waipukurau and Feilding)
- continued negotiations with territorial authorities nationally to move from transitional access and use arrangements to the permanent transfer of assets to Fire and Emergency under ownership, lease or licence models (e.g. Hastings, Tasman District Council and Selwyn District Council).

Property branding

A key component of creating a shared identity where everyone feels they belong is to create and embed a common brand. As at 30 June 2019, 97 percent of the external property portfolio displays our Fire and Emergency branding.

Seismic strengthening programme

Alongside our rebuild programme, five seismic builds and upgrade projects were completed in this financial year.

We anticipate the completion of seismic upgrades for medium- and high-risk sites to be within the statutory time frame.

Fleet management

Under our fleet capital programme, we took delivery of 39 new appliances and 24 support vehicles during the year. We made good progress on rebranding the fleet with 93 percent of the vehicles rebranded.

We completed an audit of the national rural heavy vehicle fleet. We confirmed that all vehicles are now compliant, except one vehicle which has been withdrawn from service while it is modified.

Information and communications technology (ICT)

Over the last year we have focused on developing key ICT capabilities to better support our frontline personnel to make better decisions and improve their situational awareness in the field. We have made progress in the following areas:

- **Incident Ground Control (IGC) radios:** the nationwide roll-out of new IGC radios was completed on 20 December 2018, with 7,745 Motorola IGC handheld radios deployed to all urban (5,024) and rural (2,721) brigades across the country. These radios have been specifically built for firefighting conditions. They have improved communication performance and capability features and deliver vital interoperability between our brigades and also between our various partner agencies. This includes ambulance services, Police, rescue helicopters, DOC, Maritime New Zealand and the Ministry of Civil Defence and Emergency Management (MCDEM).
- **Availability Messaging System (AMS):** we undertook this project to provide a tool for volunteers and other groups such as commanders, and coordination centres at the national and regional level that allow them to electronically advise their availability to respond to an incident or other event. In June 2019, we rolled it out to pilot brigades in Te Kauwhata, Ngaruawahia, Rolleston, West Melton, Alexandra and Queenstown. If this is successful, we will roll it out across the country.
- **Mobility solution:** this tool provides firefighters with near real-time 111 turnout information which includes incident details, hydrant locations, site and contacts, alerts and building risk scores, location of responding appliances and detailed maps. Crews will also be able to update site and contact information through a new application on the tablet that will automatically update the Station Management System (SMS). Fifteen stations are involved in the mobility pilot, which is scheduled to end in December 2019.
- **Emergency Management Common Operating Picture (EMCOP):** this is a web-based map collaboration tool for building and maintaining a common operating picture for emergency management. It is designed to provide users with a simple way to gather, organise, create, and share emergency management information between emergency managers, including external agencies. In June 2019, we began a pilot of the tool in the National Coordination Centre to train regional centre personnel to use it, and expect other emergency sector agencies to also consider this tool.

Statement of performance

Te tauākī mahi

The Statement of Performance Expectations (SPE), combined with our Statement of Intent 2017–2021, provides the strategic direction and priorities for our organisation.

The 2018/19 SPE set out our non-financial performance targets and financial performance for the year to 30 June 2019. This section reports on our actual performance against these expectations over the last year.

Measures highlighted in **orange** throughout the SPE were specifically identified as integration-based and were used to report against progress towards integration. We have highlighted these measures in the same way within this section.

Our outcomes

1. Reduced likelihood of unwanted fires
2. Reduced consequences from emergencies
3. Increased community resilience
4. Organisational health and capability



Our performance

Outcome 1: Reduced likelihood of unwanted fires

We deliver effective risk reduction activities through education programme initiatives and community engagement by providing advice and ensuring legislative compliance. These activities focus on preventing unwanted fires from starting and managed fires from getting out of control, providing guidance on fire safety in the event of a fire and on the use of fire as a land management tool.

Output 1.1: Advice to industry and councils on building design

We provide fire engineering, professional and technical fire safety advice on building design. This advice ensures that fire safety features in buildings are designed so that buildings can be used safely.

Our advice covers three areas of fire safety:

- building consent applications covering the fire engineering design of buildings
- evacuation scheme approval and monitoring
- support for other regulatory agencies with advice on fire safety compliance.

Our legislative responsibility to provide fire safety advice includes providing advice on building consent applications and processing building evacuation schemes. Table 1 below sets out the measures and time frames for processing these applications.

Table 1: Core services

Activity	Measure	2018/19		2017/18
		Target	Actual	Met
Provide timely and effective fire engineering advice during the building consent phase of new or altered buildings.	1.1.1 All assessments are processed within 10 working days.	100%	100%	✓
Administer the fire safety and evacuation of buildings regulation, ensuring schemes provide for the safe evacuation of people during a fire emergency.	1.1.2 All applications for evacuation schemes are processed within the legislative time frames. ¹	100%	98%	✗

Notes: During the year, 98 percent of all applications for evacuation schemes were processed within the legislative time frames, two percentage points short of target. In quarter four, an internal system issue meant that applications were delayed within the system but personnel could not see this. We addressed this issue and put a patch in place to alert personnel to applications that remain at the same status for more than 10 days, which allows for time to process the scheme. We have resolved this issue.

Output 1.2: Fire safety education to the public

We work with communities to understand how we can work together to reduce the risk of fire and other emergencies. We want to improve knowledge of fire risks and the actions individuals and groups can take to reduce those risks. Our programmes have seen our people working with diverse groups across our communities to help prevent fires and keep people safe.

The Safer New Zealand fire risk reduction and prevention plan 2015–2020 focuses all our activities under three main goals:

- risk reduction – raising awareness of fire risk and influencing behaviour change
- safer homes and workplaces – delivering targeted programmes to promote a fire prevention culture
- community based – encouraging community engagement in the interest of promoting fire safety.

¹ Fire and Emergency New Zealand (Fire Safety, Evacuation, Procedures, and Evacuation Schemes) Regulations 2018, part 2 Evacuation schemes, section 19.

Table 2: Core services

Activity	Measure	2018/19			2017/18
		Target	Actual	Met	Actual
Deliver fire safety education and awareness programmes that resonate with audiences and change individuals' behaviour.	2.1.1 90% of people surveyed are aware that a house fire can become fatal within 5 minutes. ²	90%	88%	⊗	90%
	Notes: Eighty-eight percent of people surveyed are aware that a house fire can become fatal within 5 minutes. This is just 2 percentage points short of the 90 percent target. While we did not achieve our target, we continue to take steps to raise awareness of the speed with which a house fire can become fatal. This has included investment in a new online escape planning tool.				
	2.1.2 Recidivism rate among Fire Awareness Intervention Programme recipients is below 10%.	Below 10%	7.3%	⊙	8%
	2.1.3 Firewise programme is offered to 100% of schools with Year 1 and 2 students over a 2-year period (1 July 2017–30 June 2019).	100% by 30 June 2019	94%	⊗	91% ³
Notes: Ninety-four percent of schools were offered the Firewise programme, six percentage points short of the 100 percent target, and 59 percent of schools completed the Firewise programme, just one percentage point short of the 60 percent target. A research project to evaluate our school programmes was completed in July 2018, and we have further validated these findings in the last 12 months.					
2.1.4 60% of schools with year 1 and 2 students complete the Firewise programme over a 2-year period (1 July 2017–30 June 2019).	60% by 30 June 2019	59%	⊗	57% ³	
Notes: Following the work under way to formalise a new national risk reduction programme framework, we will focus on addressing these findings in 2020. We have also identified an anomaly in school data, which will be addressed through collaboration with the Ministry of Education to improve the validation of our school data.					

Table 3: Action to support our strategic priorities

Activity	Measure	2018/19			2017/18
		Target	Actual	Met	Actual
Maintain a core research programme which produces research to meet organisational priorities.	2.2.1 90% of research funding is allocated to projects aligned to organisational priorities.	90%	100%	⊙	85%
Development and implementation of a Risk Reduction Strategy.	2.2.2 National risk reduction programmes have been developed by 31 March 2019 to give effect to the Risk Reduction Strategy developed in 2017/18.	By 31 March 2019	Not achieved	⊗	New measure
	Notes: The approach to delivering against this activity focused on developing a framework to determine whether the programmes already in place give effect to the Risk Reduction Strategy and where there may have been potential gaps. This was to ensure our programmes are well researched, planned, monitored and evaluated to meet specific objectives. While we have not developed new national risk reduction programmes, a stocktake of existing programmes found those already in place are delivering against the strategy.				
	2.2.3 Process for reviewing fire safety promotion and other risk reduction programmes in place by 30 June 2019.	By 30 June 2019	Achieved	⊙	Not achieved

2 Quarterly fire knowledge and communication survey is carried out by Kantar New Zealand. Sample size n=3,019. Response rate 16%. The margin of error on the result of 88% is plus or minus 1.1%.

3 These measures are assessed over a two-year period, so to ensure comparability, these actual results are from the 2016/17 year's Annual Report.

Activity	Measure	2018/19			2017/18
		Target	Actual	Met	Actual
Provide information and risk profiling to support Local Advisory Committees to advise on local needs.	2.2.4 Local area risk profiling framework has been trialled in one location and lessons analysed to inform roll-out to other areas by 31 March 2019.	By 31 March 2019	Refer to Notes	⊗	New measure
<p>Notes: In December 2018, the Minister agreed to defer the delivery of this measure. It is now a measure in the 2019/20 SPE to be delivered by 30 June 2020.</p>					

Output 1.3: Fire permitting and enforcement

We have a responsibility to put in place effective fire control measures which may include the restriction or prohibition of the lighting of fires in open air. This year we have continued to work on designing and implementing a national fire permitting system that will process applications for fire permits based on fire risk conditions and other control methods.

We also act as an advocate and provide expert advice on relevant aspects of the Government's policy and legislative change programmes. During 2018/19, we worked closely with the Department of Internal Affairs (DIA) on enacting the new Fire and Emergency New Zealand (Offences) Regulations 2018 that came into effect in December 2018.

Table 4: Core services

Activity	Measure	2018/19			2017/18
		Target	Actual	Met	Actual
Act as an advocate and subject matter expert on relevant aspects of the Government's policy and legislative change programme.	3.1.1 Policy and legislation submission meet Fire and Emergency New Zealand's policy and policy criteria. ⁴	Achieved	Achieved	⊙	New measure
Effective implementation of the national fire permitting system.	3.1.2 Fire permits not requiring a site visit are processed within 5 working days.	100%	95%	⊗	New measure
<p>Notes: Processing times of both measures for fire permits fell short of their 100 percent targets. Achievement of these measures was reliant on having a national fire permitting system up and running. Implementation of the new system has been delayed due to issues relating to the security and usability of the system. In March 2019, we commissioned an independent health check of the Fire Permitting Project. Significant progress has been made across the project since April 2019 with many of the recommendations from the review implemented.</p>					
	3.1.3 Fire permits requiring a site visit are processed within 10 working days.	100%	97%	⊗	New measure
<p>Notes: The project is now well positioned for the planned implementation of the national fire permitting system to all districts by 30 September 2019. The work undertaken to address the recommendations from the review will ensure the implementation will be managed and communicated in a planned and effective way, to ensure that the public and our people transition to the new system with minimal disruption. An interim system has been in place since 1 July 2017 and continues to operate until the national system goes live.</p>					

⁴ Will be made available upon request.

Outcome 2: Reduced consequences from emergencies

We reduce the consequences from emergencies by improving our readiness for and response to incidents. We lead and support other emergency sector partners to minimise the impact of emergencies on people, property and the environment, while keeping people safe.

We are a trusted responder to a wide range of fire and other emergency events, such as structure and vegetation fires, motor vehicle crashes, hazardous substances and medical emergencies, and natural hazard and disaster events.

Output 2.1: Timely and professional response to fires

This output includes our operational response to structure fires for which there are national service delivery guidelines. The guidelines provide targets to ensure we deploy resources efficiently and improve processes to minimise our overall response times to emergency incidents. The measures for monitoring these response times and results are set out below.

A subset of the measures in this output provides us with contextual information on the vegetation fire incidents we attend and incidents attended by our rural fire services. These measures also help us to monitor and improve the collection of data, and to design more meaningful measures in time.

Table 5: Core services

Activity	Measure	2018/19			2017/18
		Target	Actual	Met	Actual
Responding to fire.	4.1.1 Career crews respond to 85% of structure fires within 8 minutes.	85%	80%		82%
	Notes: Response times for structure fires responded to by career crews fell short of the 85 percent target. As urban limits continued to grow, we faced several challenges. These were related to incidents where distances could not be covered within the response times due to factors of physical location, the location of vehicles that responded while away from their stations and increased traffic density (particularly in highly populated urban environments). The impact of concurrent events (including the high rate of medical calls) also resulted in a growing number of appliances responding into neighbouring areas due to that station having already been committed to another incident. Our primary solution is targeted risk-reduction activities in the affected suburbs to reduce the impact of fires. With respect to concurrent incidents, regions report that they are evaluating cover moves to see if they are sufficient or if increased resourcing for busy fire stations is needed.				
	4.1.2 Urban volunteer crews respond to 85% of structure fires within 11 minutes.	85%	85%		87%
	4.1.3 Number of structure fires responded to by rural fire services. ⁵	Information only	200		New measure
	4.1.4 Percentage of non-permitted fires versus total number of reported vegetation fires during restricted fire season.	Information only	65%		New measure
4.1.5 Number of structures damaged by vegetation fire.	Information only		29		New measure

Output 2.2: Timely and professional response to other emergencies

This output includes our operational response to other emergencies for which there are national service delivery guidelines. These guidelines provide targets for responses

to specific emergencies such as motor vehicle crashes, medical emergencies and hazardous substances events, to ensure resources are deployed efficiently and processes are improved to minimise the overall response times to emergency incidents. The measures for

⁵ The number of medical, structure fire and motor vehicle incidents rural personnel attend will be analysed during 2018–20. We will use this data to develop appropriate performance measures for rural activities.

monitoring these response times and results are set out below.

Some of the measures in this output provide us with contextual information on the other emergencies our rural fire services attend. These measures help us to monitor and improve the collection of data, and to design more meaningful measures in time.

Other measures in this output include capability indicators and an overall engagement score from our External Stakeholder Engagement Survey.

Table 6: Core services

Activity	Measure	2018/19		2017/18		
		Target	Actual	Met	Actual	
Responding to other emergencies.	5.1.1 Crews from specialist resource locations respond to 90% of motor vehicle crashes within 30 minutes.	90%	96%	✓	97%	
	5.1.2 Number of motor vehicle crashes responded to by rural fire services.	Information only	448	i	364	
	5.1.3 Career crews respond to 85% of medical emergencies within 8 minutes.	85%	86%	✓	87%	
	5.1.4 Urban volunteer crews respond to 85% of medical emergencies within 11 minutes.	85%	81%	✗	82%	
	Notes: Response times for medical emergencies responded to by volunteer crews fell short of the 85 percent target. Volunteer stations were also affected by many of the issues discussed in measure 4.1.1. Additionally, volunteer response times vary depending on where they are at the time of the alarm. Volunteers are committed to responding in the shortest possible time but their availability during the day is still a challenge for Fire and Emergency. As an organisation we are committed to supporting volunteerism. Over the past year, we published our Volunteerism Strategy and in June 2019, the Minister announced a \$4 million package to recognise the contribution made by our volunteers to communities across New Zealand.					
	5.1.5 Number of medical emergencies responded to by rural fire services.	Information only	510	i	699	
	5.1.6 Crews from specialist resource locations respond to 85% of hazardous substances incidents within 60 minutes.	85%	95%	✓	96%	
5.1.7 Number of volunteer rural fire services becoming medical co-responders.	Information only	16	i	New measure		
Maintain capability to respond to emergencies.	5.2.1 Each region ⁶ to maintain sufficient trained personnel to fully staff a Regional Incident Management Team. ⁷	Achieve	Achieved	✓	New measure	

Continued over

⁶ Fire and Emergency New Zealand has five regions. More information on these regions can be found on our website: fireandemergency.nz.

⁷ Each Region has an Incident Management Team that provides coordination support to the response.



Activity	Measure	2018/19			2017/18
		Target	Actual	Met	Actual
Extend the current skills system to all operational personnel.	<p>5.3.1 By 30 June 2019, the skills and trained state of 90% of personnel will be recorded.</p> <p>Notes: Seventy-nine percent of our operational personnel have records in the Operational Skills Maintenance (OSM) system. During 2018/19 there were pilots to test the feasibility of rolling OSM out to rural and operational support personnel. The pilots identified that in its current state the system did not have the functionality required so we did not roll it out further. As a temporary measure, we put significant effort into setting up records at a local level to enable aggregation at a national level and expected that these records would lift the result to over 90 percent. We have tried to consolidate the records from disparate systems but this has proved difficult and we need to consider other options. We actively monitor the skills and training for all our operational personnel but not from a single system. This prevents effective national planning for skills maintenance. We intend to work toward a solution to integrate the multiple systems and approaches in this area.</p>	90%	Not achieved	⊗	New measure

Table 7: Action to support our strategic priorities

Activity	Measure	2018/19			2017/18
		Target	Actual	Met	Actual
Establish a high-level of engagement with emergency sector partners and other relevant agencies that achieves greater coordination within the sector.	<p>5.4.1 Achieve an annual external stakeholder engagement survey score of 7.8/10 or better.^{8*}</p> <p>Notes: Since the formation of Fire and Emergency we have seen an increase in positive comments and ratings from our stakeholders. The overall rating has increased this year to 7.5/10 from 7.0/10 in 2017/18. Our stakeholders feel we are making good progress with the change and are strengthening our relationships with them. We have started implementing new approaches and targeting further development of more robust relationships in key areas including a local government relationship engagement approach and developing rural and management advisory committees.</p>	7.8/10 or better	7.5	⊗	Not achieved

* The annual external engagement survey is conducted by Ignite Research. The result is based on 50 interviews. We had a response rate of 78 percent. A margin of error cannot be calculated because the sample was not randomly based.

⁸ A score of 7.8 is regarded as very good, and a score of 8 or 9 is regarded as excellent.

Outcome 3: Increased community resilience

We maintain a strong local presence throughout the country so we are ready to support local risks and needs. We focus on diverse communities by helping them to identify their own strengths, risks and needs. We then support them to respond in safer ways and help them plan for emergencies.

Output 3.1: Specialist disaster recovery following major emergencies

We provide skilled and specialist responses to severe weather-related events, natural hazard and disaster events at a national, regional and local level.

We work with and support the operation of emergency management groups to meet our obligations under the National Civil Defence Emergency Management Plan. We participate in multi-agency training exercises to be prepared for responses to community-scale events.

Our USAR team contributes to and supports disaster assessment and response work both within New Zealand and internationally. During 2018/19, our USAR team completed an annual exercise to ensure operational readiness against criteria set by the INSARAG for a heavy team. This classification has allowed our USAR team to move from the traditional work of rescuing entrapped people from collapsed buildings to a wider Disaster Assessment and Response Team focus. This allows us to help with broader response efforts following major emergencies as we have the operational capability for difficult and complex technical search and rescue operations. The results from the 2018/19 exercise means we are well placed to maintain the heavy team classification at the next re-classification event, scheduled in 2019/20.

Table 8: Core services

Activity	Measure	2018/19		2017/18
		Target	Actual	Met
Provide a skilled and specialist response to severe weather-related event, natural hazard events, and disasters.	6.1.1 An annual exercise shows Urban Search and Rescue (USAR) is operating at the International Search and Rescue Advisory Group (INSARAG) classification level for a heavy team. ⁹	Report annual exercise	Achieved	 Achieved

Output 3.2: An engaged and equipped network of communities across New Zealand

Building strong links in the community will ensure we are better informed about current and future community risks and needs. It also allows us to better support communities to respond to and reduce the risk of fire and other emergencies. Our activities within this output include providing essential emergency response capability across all our communities.

We achieved this through:

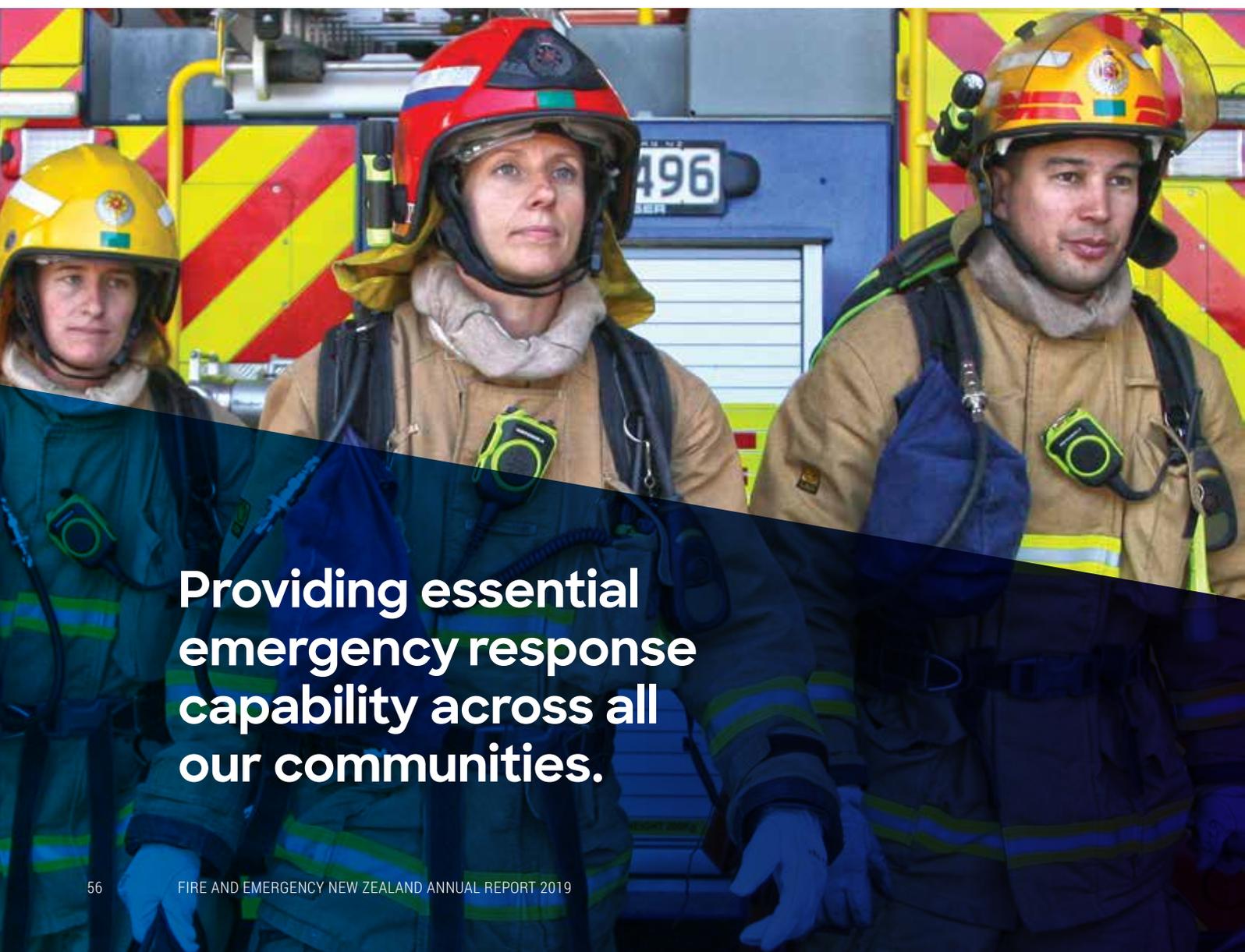
- establishing closer working relationships with our communities and partner organisations by ensuring our stakeholders are engaged and that we receive feedback on further strengthening our relationships
- working with Māori and diverse communities to strengthen relationships and improve outcomes
- attending community events throughout New Zealand, including local community events, Rural Fielddays, A&P shows, Waitangi, Te Matatini, and Pride parades.

During the year, we focused on building the foundations for stronger working relationships with our stakeholder groups by establishing an External Engagement and Partnership Framework and completing an implementation plan building on our commitment to working with Māori as tangata whenua. To establish LAC in 2019/20, our efforts this year were on setting the LAC boundaries.

⁹ Heavy USAR teams have the operational capability for difficult and complex technical search and rescue operations.

Table 9: Action to support our strategic priorities

Activity	Measure	2018/19		2017/18
		Target	Actual	Met
Work with iwi and tangata whenua and diverse communities to develop strategies to strengthen relationships and improve outcomes.	7.1.1 Strategy completed by 30 June 2019.	By 30 June 2019	Achieved	☑ New measure
Establish Local Advisory Committees (LACs) throughout New Zealand.	7.2.1 40% of LACs established by 30 June 2019. Notes: In December 2018, the Minister agreed to defer the delivery of this measure. A new measure is now in the 2019/20 Statement of Performance Expectations, with a target to establish seven LACs by 30 June 2020.	30 June 2019	Refer to Notes	☹ New measure
Design and develop a partnership model that guides the organisation on formal and informal partnerships.	7.3.1 Consultation on a partnership model completed and final partnership model in place by 31 March 2019.	By 31 March 2019	Achieved	☑ New measure



Providing essential emergency response capability across all our communities.

Outcome 4: Organisational health and capability

We are building towards unification. Our progress includes the development of:

- operating model and organisational design
- strategic framework, e.g. our vision, strategy, frameworks and plans
- tools that focus on the health of our people and the harmony of relationships
- strategic partnerships.

This year we launched our strategic framework. The framework shows how all the elements work together to help us create a robust and sustainable organisation

that meets the changing demands of the communities we serve and the broader work we now do. While we build these foundations, we know we need to do things differently to keep pace with changes to the environment, technology and society.

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

Table 10: Core services

Activity	Measure	2018/19		2017/18
		Target	Actual	Met
Continue the development of a mature culture of safety by embedding good practice in safety, health and wellbeing, focused on behavioural safety and leadership.	8.1.1 Reduce the ratio of workplace injuries incurred to incidents attended.	Information only	8.4: 1000	 New measure
	8.1.2 Number of staff workplace injuries requiring more than 7 days off work, is less than 4.2 per 100 staff.	Below 4.2 per 100 staff	3.2	 New measure
Design and implement an assurance framework to align our current processes to meet the assurance needs of the Audit and Risk Committee.	8.1.3 Framework to be trialled on no less than six operational efficiency audits during 2018/19.	Framework trialled on 6 or more audits	Achieved (10 completed)	 New measure
Implementation of the Port Hills Action Plan prepared following the Port Hills fire in 2017.	8.1.4 Complete all actions from the Port Hills Action Plan by 30 June 2019.	By 30 June 2019	Not achieved	 New measure

Notes: We made significant efforts over the last 20 months to implement the recommendations of the Port Hills Action Plan. Except for actions related to the Incident Control System (ICS) and the establishment of LACs we have made substantial progress. The ICS has involved a wider piece of work across government that is now incorporated as part of a longer-term programme of work. After the delay to the establishment of LACs following the initial pilot this work has been re-engaged.

We demonstrated improved interoperability between urban and rural personnel at the Tasman fires (February 2019) through more integrated and effective command and control.

Table 11: Action to support our strategic priorities

Activity	Measure	2018/19			2017/18
		Target	Actual	Met	Actual
Building and refining the draft operating model developed in 2017/18.	8.2.1 Key features of the operating model (operations and National Headquarters) and organisation structure designed and positioned for implementation by 30 June 2019.	By 30 June 2019	Not achieved	⊗	New measure
<p>Notes: To achieve this measure, we planned to have the organisation structure (Service Delivery and National Headquarters) designed to the Tier 3 level and planned to have begun consulting with affected personnel by 30 June 2019.</p> <p>By 30 June 2019, Tier 3 appointments to the positions that report directly to the DCE Service Delivery were confirmed. Further phases of organisational design work occurred during the year, including the design of the unified leadership positions within the Service Delivery Branch at regional and district level, the risk reduction function at national, regional and district level, and Tier 3 leadership positions that will directly report to all other DCEs.</p> <p>However, we deferred progressing these proposals to consultation to enable the ELT to ensure alignment across the organisation. ELT have agreed on a new plan, with consultation now planned to begin in September 2019.</p>					
Further improve transparency and performance measurement, monitoring and reporting.	8.2.2 Performance framework designed by 30 June 2019.	By 30 June 2019	Achieved	⊙	New measure
Identify the trends and critical uncertainties that will inform the development of a Fire and Emergency New Zealand strategy and strategy system.	8.2.3 Fire and Emergency New Zealand strategy completed by 31 October 2018.	By 31 October 2018	Achieved	⊙	New measure
Produce a National plan framework that seeks to implement the key components of the Fire and Emergency New Zealand strategy.	8.2.4 National plan framework completed by 28 February 2019.	By 28 February 2019	Achieved	⊙	New measure
Establish an Enterprise Portfolio Management function to improve investment decision-making and support governance.	8.2.5 Enterprise Portfolio Management Office in place by 31 December 2018.	By 31 December 2018	Achieved	⊙	New measure
Launch the vision and values of Fire and Emergency New Zealand.	8.2.6 Vision statement published by 30 June 2019.	By 30 June 2019	Achieved	⊙	New measure
Development of health standards and associated policies and processes to support the safety, health and wellbeing of our people.	8.2.7 Consultation on the proposed health standards and associated policies and processes completed. Recommendations on Health Standards and associated policies and processes approved by 30 June 2019.	By 30 June 2019	Achieved	⊙	New measure
Development and implementation of the Volunteerism strategy.	8.2.8 Volunteerism strategy to be in place by 31 December 2018.	By 31 December 2018	Not achieved	⊗	New measure
<p>Notes: The Integration and Change Committee considered the Volunteerism Strategy in December 2018 and the Board approved the strategy in January 2019. We formally published it in May 2019.</p>					
	8.2.9 In-house rules framework for volunteer brigades and forces approved and implementation commenced by 30 June 2019.	By 30 June 2019	Refer to Notes	⊖	New measure
<p>Notes: In December 2018, the Minister agreed to defer the delivery of this measure. It is now a measure in the 2019/20 Statement of Performance Expectations to be delivered by 30 June 2020.</p>					

Activity	Measure	2018/19		2017/18	
		Target	Actual	Met	
Design and develop a proposed statutory disputes resolution scheme that is fit for purpose.	8.2.10 Complete public consultation on the proposed statutory disputes resolution scheme by 28 February 2019.	28 February 2019	Not achieved	⊗	New measure
	Notes: The 28 February 2019 target to complete public consultation on the proposed statutory disputes resolution was extended to 30 June 2019 with agreement with the Minister. The Board approved consultation documents in March 2019, consultation began in April 2019 and closed on 30 May 2019. We achieved this measure by the revised target date.				
Provide advice to the Minister of Internal Affairs on fire levy rates to apply to the next period.	8.2.11 Advice provided to the Minister in accordance with Cabinet's decision on the fire levy rate to apply to the next period.	Achieve	Achieved	⊙	New measure
Introduce integrated systems with seamless and easy access for all personnel, stakeholders and the public to the information they need.	8.2.12 Options for a new levy management system and portal for levy payers investigated and preferred option identified by 31 December 2018.	By 31 December 2018	Achieved	⊙	New measure
	8.2.13 Draft Information Management and Business Intelligence strategy completed by 30 June 2019.	30 June 2019	Achieved	⊙	New measure
Enhance inclusivity and diversity within the organisation.	8.2.14 Diversity and inclusion metrics and reporting framework developed and implemented by 30 June 2019.	By 30 June 2019	Achieved	⊙	New measure
	8.2.15 Recruitment strategy to attract greater diversity completed by 30 June 2019.	By 30 June 2019	Achieved	⊙	New measure
Training, development and leadership of our people.	8.2.16 Design a people capability framework by 30 June 2019, which includes career opportunities and specialisation pathways.	By 30 June 2019	Refer to Notes	⊖	New measure
	Notes: In December 2018, the Minister agreed to defer the delivery of this measure. We have committed to a revised measure in the 2019/20 Statement of Performance Expectations focusing on a leadership development framework.				
	8.2.17 Develop and deliver three leadership and management programmes by 30 June 2019.	By 30 June 2019	Achieved	⊙	New measure
Implementation of Fire and Emergency New Zealand identity.	8.2.18 By 30 June 2019, 70% of external property signage will be re-branded.	70%	97%	⊙	New measure
	8.2.19 By 30 June 2019, 90% of fleet re-branded.	90%	93%	⊙	New measure

Financial performance measures by output class

Table 12: Main financial measures

	2018/19		2017/18
	Actual \$000	SPE target \$000	Actual \$000
Levy revenue	578,602	573,002	568,484
Total revenue	610,342	596,343	612,262
Total expense	576,320	549,294	496,348
Net surplus attributable to Fire and Emergency	34,022	47,049	115,914

Table 13: Output classes by levy revenue

	2018/19		2017/18
	Actual levy revenue \$000 GST excl.	Budget levy revenue \$000 GST excl.	Actual levy revenue \$000 GST excl.
1.0 Reduced likelihood of unwanted fire	72,347	76,504	71,605
1.1 Advice to industry and councils on building design	8,033	1,601	1,955
1.2 Fire safety education to the public	38,271	33,482	38,674
1.3 Fire permitting and enforcement	26,043	41,421	30,976
2.0 Reduced harm from emergencies	481,207	422,323	469,806
2.1 Timely and professional response to all fires	318,461	289,141	319,114
2.2 Timely and professional response to other emergencies	162,746	133,182	150,692
3.0 Resilient communities	25,048	22,284	27,073
3.1 Specialist disaster recovery following major emergencies	25,048	21,324	10,004
3.2 An engaged and equipped network of communities	-	960	17,069
4.0 Transition to Fire and Emergency	-	12,000	-
Total cost of outputs	578,602	533,111	568,484

Table 14: Output classes by other revenue

	2018/19		2017/18
	Actual other revenue \$000 GST excl.	Budget other revenue \$000 GST excl.	Actual other revenue \$000 GST excl.
1.0 Reduced likelihood of unwanted fire	5,577	4,612	7,076
1.1 Advice to industry and councils on building design	302	184	142
1.2 Fire safety education to the public	2,867	2,393	3,704
1.3 Fire permitting and enforcement	2,408	2,035	3,230
2.0 Reduced harm from emergencies	22,372	15,313	32,260
2.1 Timely and professional response to all fires	11,960	7,415	19,097
2.2 Timely and professional response to other emergencies	10,412	7,898	13,163
3.0 Resilient communities	3,791	3,416	4,442
3.1 Specialist disaster recovery following major emergencies	3,791	3,344	2,008
3.2 An engaged and equipped network of communities	-	72	2,434
4.0 Transition to Fire and Emergency New Zealand	-	-	-
Total cost of outputs	31,740	23,341	43,778

Table 15: Output classes by total expenditure

	2018/19		2017/18
	Actual total expenditure \$000 GST excl.	Budget total expenditure \$000 GST excl.	Actual total expenditure \$000 GST excl.
1.0 Reduced likelihood of unwanted fire	69,383	76,504	59,483
1.1 Advice to industry and councils on building design	7,704	1,601	1,620
1.2 Fire safety education to the public	36,703	33,482	32,127
1.3 Fire permitting and enforcement	24,976	41,421	25,736
2.0 Reduced harm from emergencies	461,485	422,323	390,987
2.1 Timely and professional response to all fires	305,409	289,141	265,806
2.2 Timely and professional response to other emergencies	156,076	133,182	125,181
3.0 Resilient communities	24,021	22,284	22,490
3.1 Specialist disaster recovery following major emergencies	24,021	21,324	8,311
3.2 An engaged and equipped network of communities	-	960	14,179
4.0 Transition to Fire and Emergency New Zealand	21,431	12,000	23,388
Total cost of outputs	576,320	533,111	496,348

The 2018/19 Output class reporting budget as reported in the 2018/19 SPE has been calculated on a 'net costs' basis. The net cost basis was chosen because at the time the SPE was produced, it was anticipated that consultation of levy would begin.

Net costs is the amount of levy required by Fire and Emergency New Zealand to fund our operations and takes into account sources of funding and costs from the Statement of financial position as well as the Statement of comprehensive revenue and expense.

It is calculated as total expenditure less depreciation expense, less non-levy income, plus capital expenditure, less net cash inflows/(outflows), from the funding injection plus borrowings repayments.

Due to the output classes budget being produced on a net cost basis, it is not a direct comparison with the actual expenditure as reported above which comes from the Statement of comprehensive revenue and expense, or to the budget column in the Statement of comprehensive revenue and expense.



Our financials

Te arotakenga pūtea

- Statement of responsibility
- Independent auditor's report
- Financial commentary
- Statement of comprehensive revenue and expense
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements



Statement of responsibility

Te tauākī haepapa

for the year ended 30 June 2019

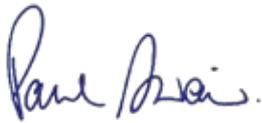
We are responsible for the preparation of Fire and Emergency New Zealand's financial statements and statement of performance, and for the judgments made in them.

We are also responsible for any end-of-year performance information provided by Fire and Emergency New Zealand 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 Fire and Emergency New Zealand for the year ended 30 June 2019.

Signed on behalf of the Board:



Hon. Paul Swain
Chair
31 October 2019



Rebecca Keoghan
Deputy Chair
31 October 2019

Independent Auditor's Report

Te ripoata a te kaiarotake tūtahi

To the readers of Fire and Emergency New Zealand's financial statements and performance information for the year ended 30 June 2019

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

Opinion

We have audited:

- the financial statements of Fire and Emergency on pages 69 to 115, that comprise the statement of financial position as at 30 June 2019, 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 Fire and Emergency on pages 16 to 34 and 48 to 61.

In our opinion:

- The financial statements of Fire and Emergency on pages 69 to 115:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2019; 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 16 to 34 and 48 to 61:
 - presents fairly, in all material respects, Fire and Emergency's performance for the year ended 30 June 2019, 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 2019. 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 Fire and Emergency for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as they determine is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board are responsible for the other information. The other information comprises the information included on pages 2 to 14, 35 to 47, 64, 68 and 116 to 122 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

We are independent of Fire and Emergency in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (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 for two procurement contracts which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in Fire and Emergency.



John Whittal

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

Financial commentary

Ngā kōrero ahumoni

The Board reports a net operating surplus of \$34.0 million for the year ended 30 June 2019. The Tasman wildfire (note 5), significantly impacted our financial result. Fighting this fire, the largest in our history for over 70 years, cost an additional \$13.5 million, much of this incurred in the first three weeks of operations. It is a good example of the type of increasing financial risk we face and which we highlighted in last year's annual report. We anticipate an increasing number of incidents related to climate change, including floods and wildfires. With limited powers to borrow, we aim to hold sufficient reserves so we can respond to major emergencies without unnecessarily seeking Government assistance or varying the levy paid by New Zealanders. Given the unpredictable and expensive nature of these events, this may not always be possible.

This year we incurred extra expenses from supporting our deployment of New Zealand firefighters to the United States of America (USA), Canada and Australia as part of our international partnership commitments. These costs were reimbursed by our international partners. We also increased our provisions for gratuities and long service leave after updating actuarial valuations. Levy income was \$5.6 million higher than budgeted reflecting the full year impact of the increased levy rate and the larger levy base (note 2).

We continued the enhancement of the rural and volunteer areas of our organisation with a further \$43.0 million spent developing rural operations and infrastructure, and an additional \$10.0 million supporting the volunteer network.

In 2018 we recognised a need to address the historic underinvestment in New Zealand's fire and emergency infrastructure by creating a three year capital infrastructure investment reserve of \$53.8 million. We utilised almost \$10.0 million of the reserve this year and we are on track to complete this accelerated capital programme by 2020/21 (note 7).

This year we invested \$101.5 million in our capital expenditure programme, allowing us to continue the integration of services, and make the required investment in technology, fleet and rural and urban fire stations (note 11). This expenditure also includes the significant and ongoing investment in the Christchurch region required after the Christchurch earthquake as well as seismic upgrades to stations in other areas. In total, 19 new builds were either commenced or completed and 20 existing properties refurbished over the year.

Statement of comprehensive revenue and expense

for the year ended 30 June 2019

		2019	2019	2018
	Note	Actual \$000	Unaudited budget* \$000	Actual \$000
Revenue				
Levy	2	578,602	573,002	568,484
Interest revenue	2	3,994	3,112	2,897
Other revenue	2	27,746	20,229	40,881
Total revenue		610,342	596,343	612,262
Expense				
Employee and volunteer benefits expense	3	359,356	341,942	320,202
Depreciation	11	48,624	53,485	43,818
Amortisation	12	4,033	2,141	4,106
Finance costs	4	1,970	762	571
Other expenses	5	148,820	150,964	127,425
Rural Firefighting Fund claims expense	6	-	-	226
		562,803	549,294	496,348
Tasman fire	5	13,517	-	-
Total expense		576,320	549,294	496,348
Net surplus/(deficit) attributable to the Board		34,022	47,049	115,914
Other comprehensive revenue and expense				
Gains/(losses) on revaluation of land and buildings net of impairment losses	17	35,160	16,067	103,054
Gain on transfer of assets from Department of Conservation	2	1,493	-	-
Total other comprehensive revenue and expense		36,653	16,067	103,054
Total comprehensive revenue and expense		70,675	63,116	218,968

*Budget figures were approved by the Board on 25 June 2018.

The accompanying notes on pages 73 to 115 form part of these financial statements and explanations of significant variances are provided within them.

Statement of financial position

as at 30 June 2019

		2019	2019	2018
	Note	Actual \$000	Unaudited budget* \$000	Actual \$000
Assets				
Current assets				
Cash and cash equivalents	7	119,654	123,558	103,855
Trade and other receivables	8	128,441	106,826	122,950
Prepayments	9	3,214	1,857	2,708
Non-current assets held for sale	10	2,677	-	223
Total current assets		253,986	232,241	229,736
Non-current assets				
Property, plant and equipment	11	1,005,651	879,332	925,472
Intangible assets	12	20,835	15,653	19,712
Total non-current assets		1,026,486	894,985	945,184
Total assets		1,280,472	1,127,226	1,174,920
Liabilities				
Current liabilities				
Trade and other payables	13	48,219	61,414	39,428
Employee and volunteer benefits	14	42,097	38,150	42,910
Borrowings	15	13,602	14,700	13,641
Provisions	16	1,995	1,785	1,702
Total current liabilities		105,913	116,049	97,681
Non-current liabilities				
Employee and volunteer benefits	14	49,174	38,428	40,860
Borrowings	15	60,977	61,392	46,168
Provisions	16	4,099	2,291	2,264
Total non-current liabilities		114,250	102,111	89,292
Total liabilities		220,163	218,160	186,973
Net assets		1,060,309	909,066	987,947
Equity				
Accumulated funds		666,959	696,692	622,442
Seismic resilience reserve	7	21,186	-	19,788
Capital infrastructure investment reserve	7	43,887	-	53,750
Crown funding injection	15	4,822	-	3,263
Revaluation reserves	17	323,455	212,374	288,704
Total equity		1,060,309	909,066	987,947

*Budget figures were approved by the Board on 25 June 2018.

The accompanying notes on pages 73 to 115 form part of these financial statements and explanations of significant variances are provided within them.

Statement of changes in equity

for the year ended 30 June 2019

		2019	2019	2018
	Note	Actual \$000	Unaudited budget* \$000	Actual \$000
Equity at beginning of year				
Accumulated funds		622,442	649,643	559,687
Adjustment from the adoption of PBE IFRS 9		128	-	-
Seismic resilience reserve		19,788	-	21,245
Capital infrastructure investment reserve		53,750	-	-
Crown funding injection		3,263	-	1,097
Revaluation reserves	17	288,704	196,307	185,810
Rural Firefighting Fund		-	-	(1,026)
Total equity at beginning of year		988,075	845,950	766,813
Changes in equity during year				
Transfers from Statement of comprehensive revenue and expense				
Accumulated funds		34,022	47,049	114,888
Transferred assets	2	1,493	-	-
Revaluation reserves	17	35,160	16,067	103,054
Rural Firefighting Fund	6	-	-	1,026
Total comprehensive revenue and expense		70,675	63,116	218,968
Transfers to reserves				
Accumulated funds	7	8,465	-	(52,293)
Seismic resilience reserve	7	1,398	-	(1,457)
Capital infrastructure investment reserve	7	(9,863)	-	53,750
Total transfers to reserves		-	-	-
Transfers from disposal of land and buildings				
Accumulated funds	17	409	-	160
Revaluation reserves	17	(409)	-	(160)
Total transfers from disposal of land and buildings		-	-	-
Crown funding injection				
Fair value write-down		1,559	-	2,166
Total Crown funding injection		1,559	-	2,166
Total changes in equity during year		72,234	63,116	221,134
Equity at end of year				
Accumulated funds		666,959	696,692	622,442
Seismic resilience reserve	7	21,186	-	19,788
Capital infrastructure investment reserve	7	43,887	-	53,750
Crown funding injection	15	4,822	-	3,263
Revaluation reserves	17	323,455	212,374	288,704
Total equity at end of year		1,060,309	909,066	987,947

*Budget figures were approved by the Board on 25 June 2018.

The accompanying notes on pages 73 to 115 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 2019

		2019	2019	2018
	Note	Actual \$000	Unaudited budget* \$000	Actual \$000
Cash flows from operating activities				
Receipts from levy		577,035	570,052	527,308
Receipts from other revenue		24,190	20,229	28,873
Interest received		3,994	3,112	2,897
Net GST received/(paid)		(958)	373	2,726
Payments to employees and volunteers		(349,577)	(351,019)	(308,941)
Payments to suppliers for goods and services		(151,862)	(141,462)	(128,715)
Net cash flows from operating activities	18	102,822	101,285	124,148
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		709	2,490	1,588
Purchase of intangible assets		(5,156)	(9,348)	(8,038)
Purchase of property, plant and equipment		(97,007)	(88,475)	(89,521)
Net cash flows from investing activities	11	(101,454)	(95,333)	(95,971)
Cash flows from financing activities				
Interest paid		(436)	(815)	(513)
Payments on finance leases		(1,702)	(1,600)	(1,254)
Net proceeds/(repayments) of Crown funding injection	15	16,569	16,112	29,320
Net cash flows from financing activities		14,431	13,697	27,553
Net increase/(decrease) in cash and cash equivalents		15,799	19,649	55,730
Cash and cash equivalents at beginning of year		103,855	103,909	48,125
Cash and cash equivalents at end of year	7	119,654	123,558	103,855

*Budget figures were approved by the Board on 25 June 2018.

The accompanying notes on pages 73 to 115 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

Fire and Emergency New Zealand is a body constituted under the Fire and Emergency New Zealand Act 2017 (the Act). Fire and Emergency New Zealand is a Crown entity as defined by the Crown Entities Act 2004. The primary objective of the organisation is to reduce the incidence of unwanted fire and the associated risk to life and property, and through its main and additional functions to protect and preserve life, prevent or limit injury, and to prevent or limit damage to property, land and the environment. The organisation's functions are for community benefit rather than to make a financial return. The organisation has designated itself as a public benefit entity (PBE) for financial reporting purposes.

These financial statements for the organisation are for the year ended 30 June 2019 and were authorised for issue by the Board on 31 October 2019.

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 (NZD), and all values are rounded to the nearest thousand dollars (\$000).

Standard early adopted

In line with the Financial Statements of the Government, Fire and Emergency has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. Information about the adoption of PBE IFRS9 is provided in note 29.

Standards issued and not yet effective and not early adopted

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users

of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. Fire and Emergency does not intend to early adopt the amendment.

The External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although Fire and Emergency has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. Fire and Emergency has not yet determined how application of PBE FRS 48 will affect its statement of performance.

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 organisation 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 organisation due to the difficulty of measuring the fair value with reliability.

Foreign currency transactions

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

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis by the organisation 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 organisation 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 organisation. The components of equity are accumulated funds, other reserves, contributed capital, revaluation reserves and the Rural Firefighting Fund (RFFF). Revaluation reserves relate 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 goods and services tax (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 (IR), 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 IR, 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 organisation is exempt from income tax in accordance with both the Income Tax Act 2007 and the Fire and Emergency New Zealand Act 2017. Accordingly, no provision has been made for income tax.

Budget figures

The budget figures were approved by the Board on 25 June 2018 as part of the 2018/19 Statement of Performance Expectations. The budget figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

Expense allocation

The organisation allocates expense to outputs as follows:

- direct expenditure is calculated by allocating direct costs to specific outputs, as well as via resource allocations based on the time spent at incidents
- indirect costs, excluding Output 4.0 Integration, are allocated to outputs based on the proportion of direct expenditure.

Revenue allocation

The allocation of revenue to outputs is as follows:

- levy revenue is allocated to each output based on the proportion of expenditure allocated to the outputs
- non-levy revenue that is directly related to outputs is allocated to those outputs
- an amount that cannot be directly related to outputs is allocated to outputs (except Output 4.0 Integration) based on the proportion of gross expense allocated to the outputs.

Critical accounting estimates and assumptions

The preparation of financial statements in conforming with PBE IPSAS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are also reviewed on an ongoing basis and any changes to the estimates are recognised in the period in which

they were revised. Any revision affecting future periods is recognised in the periods affected. Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes to the financial statements when they occur.

The following estimates and 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 organisation's accounting policies

Management has exercised the following critical judgements in applying the organisation's accounting policies for the year ended 30 June 2019:

- Lease classification – refer to note 15.

2. Revenue

Accounting policy

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

Levy

The organisation 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 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 organisation.

Provision of services

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

Interest revenue

The organisation 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 organisation has control of the asset.

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

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

Business combination

The amalgamation in the 2017/18 financial year to establish Fire and Emergency is a business combination within the scope of PBE IFRS 3 Business Combinations. Fire and Emergency has been deemed to have acquired the assets and liabilities of the Rural Fire Authorities (RFAs) at the acquisition date 1 July 2017. Consequently, the acquisition method of accounting has been used to account for the transfer of asset and liabilities from the RFAs (PBE IFRS 3). Identifiable assets acquired and liabilities and contingent liabilities assumed have been measured initially at their fair values at acquisition date.

The excess of the fair value of the net assets acquired over the consideration paid is recorded as fair value of transferred assets revenue. Any acquisition-related costs are expensed as incurred.

Breakdown of revenue and further information

i) Levy

	2019	2019	2018
	Actual \$000	Unaudited budget \$000	Actual \$000
Levy contributions	577,724	572,952	567,376
Penalty interest	570	32	860
Penalty surcharge	308	18	248
Total levy revenue	578,602	573,002	568,484

Reconciliation between cash flow and levy revenue

	Note	2019	2018
		Actual \$000	Actual \$000
Cash flows from receipts from levy		577,035	527,308
Deduct levy receivables at beginning of year	8	(121,462)	(79,782)
Add levy receivables at end of year	8	123,818	121,462
Add levy in advance at beginning of year	13	973	469
Deduct levy in advance at end of year	13	(1,762)	(973)
Total levy revenue		578,602	568,484

Levy contributions

Total levy revenue for the year exceeded budget by less than 1 percent (\$5.6 million). Revenue increased from the prior year due to the adjustment to the rate of levy. In the prior year, revenue was based on two months at the old rate of 7.6 percent and ten months at 10.6 percent while in the current year we have had a full 12 months at 10.6 percent. Interest and surcharge receipts during the year were \$0.9 million, with the balance attributable to a small increase in growth. Excluded are levies paid by the organisation on their own insurances during the year, which amounted to \$0.8 million (2018: \$0.6 million).

Levies are paid to Fire and Emergency two months after they have been earned. This means that levies earned in May and June each year are not received in cash until July and August. In periods where levy rates change (levies increased from 7.6 cents to 10.6 cents for any new contracts created on or after 1 July 2017), levies collected per the Statement of cash flows are significantly less than levies reflected in the Statement of comprehensive revenue and expense. Given that the change in the rate of levy occurred over 12 months prior, there was negligible difference between levy receipts and total levy revenue.

Penalty interest and surcharge

Penalty interest and surcharge receipts were \$0.9 million (2018: \$1.1 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. At the time the budget was prepared for interest and surcharge, it was anticipated that the new levy penalty legislation would be in force. As the commencement date was deferred, we received higher than anticipated collection.

ii) Interest revenue

Interest revenue was over budget by \$0.9 million (2018: \$2.0 million). This was primarily due to the higher cash and cash equivalent balances. Interest rates were stable throughout the year.

iii) Breakdown of other revenue and further information

		2019	2019	2018
	Note	Actual \$000	Unaudited budget \$000	Actual \$000
False alarms		(5)	-	(315)
Good corporate citizen contributions		1,907	2,280	2,299
Public good contributions		10,000	10,000	10,000
Monitoring private fire alarms		1,808	1,779	2,037
Insurance proceeds		85	-	7
Rural Firefighting Fund		5	-	119
Gain on disposal of property, plant and equipment	18	486	-	689
Rental revenue		461	458	416
Donations		704	-	958
Deployment recovery		5,718	-	2,917
Fair value of transferred assets	18	-	-	16,931
Miscellaneous revenue		6,577	5,712	4,823
Total other revenue		27,746	20,229	40,881

False alarms

As a result of a change in the legislation, Fire and Emergency no longer recovers costs for attending false alarms. No income was charged during this financial year as these costs are now met by the levy. Credits were issued for invoices raised in 2017/18 and prior financial years, resulting in the reversal of \$0.005 million revenue recognised in earlier years.

Good corporate citizen contributions

During the year, the organisation received good citizen contributions from Housing New Zealand, BP Oil New Zealand Limited and the Reserve Bank of New Zealand. These organisations do not have an obligation to pay the fire and emergency levy, but choose to make a contribution to the organisation to assist with the provision of essential services. This amount is lower than budget and prior year actuals as New Zealand Police did not make a contribution during the year.

Public good contributions

The Crown contributed \$10.0 million to Fire and Emergency to assist the funding of activities related to medical emergencies, services to the public and the New Zealand Police, rescue and other emergencies, domestic and commercial water services, and wider emergency management.

Gain on disposal of property, plant and equipment

A partial sale of land at Havelock North station to the Hastings District Council under the Public Works Act during this financial year resulted in a gain on disposal

of \$0.5 million. Fire appliances and motor vehicles that had reached the end of their operational life were disposed of on the open market. The gain on fire appliance and motor vehicle disposals was \$0.1 million.

Rural Firefighting Fund

Included above are residual receipts relating to rural firefighting claims prior to 1 July 2018. The RFF fund was disestablished on 30 June 2017 and wound up in the 2018/19 financial year.

Donations

The favourable variance against budget in this category was a consequence of non-cash capital expenditure donations and cash contributions of \$0.7 million from brigades.

Deployment recovery

Fire and Emergency deployed 234 firefighters and incident management specialists to help contain wildfires raging in the United States of America (USA), Canada and Australia during the 2018/19 financial year. New Zealand has various agreements with the USA, Canada and Australia to supply mutually reciprocal support. The deployments recovery represents the recovery of our costs for this deployment from the relevant host agency. Incremental and underlying costs associated with the deployment are included in the appropriate expense categories.

Fair value of transferred assets

Assets and liabilities transferred from the RFAs in the 2017/18 financial year were recognised at fair value at the acquisition date of 1 July 2017. The fair value

of transferred assets revenue is the excess of the fair value of the net assets transferred from RFAs over the consideration paid. No consideration was paid. The following net assets were transferred:

		2019	2018
	Note	\$000	\$000
Cash and cash equivalents		-	2,517
Trade and other receivables		-	337
Prepayments		-	5
Property, plant and equipment	11	-	15,708
Intangible assets	12	-	1,201
Trade and other payables		-	(1,446)
Employee and volunteer benefits		-	(514)
Borrowings	15	-	(877)
Fair value of transferred assets		-	16,931

If the amalgamation in the 2017/18 financial year had not been assessed as a business combination, the pooling of interests method would have been used rather than the acquisition method. In this case, assets and liabilities would be recorded at their existing carrying value without any fair value adjustment and no fair value of transferred assets revenue would have been recognised. Instead,

the difference between the consideration paid and the carrying value of the transferred assets would be recognised as equity.

Differences between the acquisition method and pooling of interests method are shown below:

	2018	2018
	Acquisition \$000	Pooling \$000
Property, plant and equipment	15,708	15,231
Other transferred assets and liabilities	1,223	1,223
Fair value of transferred assets revenue	(16,931)	-
Equity	-	(16,454)

Miscellaneous revenue

Revenue was \$0.9 million higher than budgeted mainly due to \$0.7 million write-off of loans transferred to Fire and Emergency from the Otago Rural Fire Authority (ORFA) on 1 July 2017 and higher than anticipated cost recoveries for third party usage of the Fire and Emergency's paging network.

Gain on transfer of assets from Department of Conservation

During the 2018/19 financial year rural assets were transferred from the Department of Conservation on 10 May 2019. No consideration was paid. The fair value of these assets was \$1.5 million.

3. Employee and volunteer benefits expense

Accounting policy

Superannuation schemes

Defined contribution schemes

Contributions to KiwiSaver, the State Sector Retirement Savings Scheme, the New Zealand Fire Service

Superannuation Scheme and the National Provident Fund are accounted for as defined contribution superannuation schemes and are expensed in the Statement of comprehensive revenue and expense as they fall due.

Defined benefit schemes

The organisation makes contributions to the National Provident Fund Defined Benefit Plan Contributors Scheme (the scheme), which is a multi-employer defined benefit scheme. It is not possible to determine from the terms of the scheme the extent to which the surplus/(deficit) will

affect future contributions by individual employers, as there is no prescribed basis for allocation.

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

Breakdown of personnel costs and further information

	2019 Actual \$000	2019 Unaudited budget \$000	2018 Actual \$000
Salaries and Wages	281,266	274,115	251,414
Employer contributions to defined contribution plans	21,772	22,270	20,276
ACC levies	2,320	1,393	936
Other employee and volunteer benefits expense	53,998	44,164	47,576
Total employee and volunteer benefits expense	359,356	341,942	320,202

Although there were differing variances under the various categories that make up personnel costs, overall personnel costs as a whole were \$17.4 million above budget. Explanations for the variances in the various categories are provided below.

Salaries and wages

Salaries and wages were \$7.2 million over budget due to an additional provision of \$3.8 million for estimated holiday pay remediation payments and an overspend on operational staff in the regions. The overspend on region operational staff is due for cover personnel who are returning to work from injury or illness but have not been fully cleared for operational duties and are therefore on light duties. The increase from the previous year is mainly due to the recruitment of fixed term and temporary staff required for a fully unified organisation along with salary increases. The holiday pay remediation provision at 30 June 2019 is \$4.0 million (2018: \$7.0 million). During the year \$6.9 million of holiday pay remediation payments were made. The total cost to Fire and Emergency in relation to holiday pay remediation is currently \$11.2 million. Total salaries and wages attributable to the Integration Project were \$3.4 million (2018: \$2.8 million) against a budget of \$2.2 million. This was because there was a higher percentage of fixed term staff than contractors employed during the year.

Employer contributions to defined contribution plans

The increase from the previous year was mainly due to the recruitment of fixed term staff as we stand up a fully unified organisation along with salary inflation for existing staff. 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.

ACC levies

ACC levies were unfavourable to budget due to the increase of the ACC Partnership Programme (ACPP) liability as a consequence of the annual actuarial valuation of the liability. The increase in the liability is due to longer claims settlements (note 16).

Other employee and volunteer benefits expense

The other employee and volunteer benefits expense was over budget by \$9.8 million due to an \$8.1 million increase in gratuities (for both paid personnel and volunteers) and long service leave due to the annual actuarial valuation. The actuarial valuation increased due to a drop in discount rates from 1.78% at 30 June 2018 to 1.26% at 30 June 2019. The discount rate is provided by Treasury and is based primarily on relevant international nominal and inflation-indexed bond rates. These are subject to vagaries of the global economy. The remainder of the variance related to the development of new training material on vegetation fires. These same factors are the main cause of the increase from the previous year. Total other employee and volunteer benefits expense attributable to the Integration Project was \$11.6 million (2018: \$14.7 million) against a budget of \$18.1 million. The underspend was primarily due to a greater use of seconded staff and external consultants rather than budgeted contractors.

Remuneration of employees

Total remuneration paid or payable	2019	2018
	Actual	Actual
\$100,000–\$109,999	433	351
\$110,000–\$119,999	337	240
\$120,000–\$129,999	243	189
\$130,000–\$139,999	159	153
\$140,000–\$149,999	144	104
\$150,000–\$159,999	138	60
\$160,000–\$169,999	116	28
\$170,000–\$179,999	49	24
\$180,000–\$189,999	30	9
\$190,000–\$199,999	20	9
\$200,000–\$209,999	14	6
\$210,000–\$219,999	7	3
\$220,000–\$229,999	7	3
\$230,000–\$239,999	6	5
\$240,000–\$249,999	4	1
\$250,000–\$259,999	3	2
\$260,000–\$269,999	1	1
\$280,000–\$289,999	-	1
\$290,000–\$299,999	2	1
\$310,000–\$319,999	2	1
\$320,000–\$329,999	-	1
\$360,000–\$369,999	2	-
\$380,000–\$389,999	-	1
\$450,000–\$459,999	-	1
\$530,000–\$539,999	1	-
\$540,000–\$549,999	1	-
\$580,000–\$589,999	1	-
Total employees	1,720	1,194

Of the 526 count increase, 138 employees were from National Headquarters or Region management, and a further 388 were from regional operations. There were 20 employees in management roles who commenced part way through 2017/18 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.

Cessation payments

Gratuities were paid out in accordance with the Act to employees and volunteers who leave Fire and Emergency following a minimum of 10 years' service. There were 73 employees (2018: 74 employees) and 141 volunteers (2018: 133 volunteers) who received gratuities, costing a total of \$2.4 million (2018: \$2.4 million) and \$0.3 million (2018: \$0.3 million) respectively.

During the year, 10 employees were paid severances costing a total of \$0.5 million (2018: five employees, \$0.2 million).

Remuneration of the Board and Committee members

		2019	2018
		Actual \$000	Actual \$000
	Note		
Hon. Paul Swain	Chair		
Base fee		64	66
Temporary member's fee – FY17/18		-	31
Temporary member's fee – FY16/17		-	20
Dr Nicola Crauford (to 6 June 2019)	Deputy Chair		
Base fee		30	33
Temporary member's fee – FY17/18		-	20
Temporary member's fee – FY16/17		-	20
Te Arohānui Cook	Member and Remuneration Committee Chair		
Base fee		28	26
Temporary member's fee – FY17/18		-	29
Temporary member's fee – FY16/17		-	5
Peter Drummond (to 6 June 2019)	Member and Finance and Investment Committee Chair		
Base fee		26	26
Temporary member's fee – FY17/18		-	26
Temporary member's fee – FY16/17		-	8
Angela Hauk-Willis (to 30 June 2018)	Member		
Base fee		-	32
Temporary member's fee – FY17/18		-	22
Temporary member's fee – FY16/17		-	9
Wendie Harvie (from 1 July 2018)	Member		
Base fee		25	-
Malcolm Inglis (from 1 July 2018)	Member and Audit and Risk Committee Chair		
Base fee		27	-
Rebecca Keoghān (from 7 June 2019)	Deputy Chair		
Base fee		-	-
Total remuneration of the Board		200	373
Peter Taylor (Audit and Risk Committee)	Independent member	6	8
Brian Monk (Finance and Investment Committee from 1 December 2018)	Independent member	2	-
Total for year	5, 26	208	381

During the 2017/18 financial year, due to the increased complexity in function of the Board's work in continuing to lead the transition to Fire and Emergency and the additional time commitment of Board members, Cabinet approved a temporary additional member's fee for all Board members up to a maximum of 40 days per annum from 1 January 2017 to 31 March 2018.

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 (2018: \$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.

		2019	2019	2018
	Note	Actual \$000	Unaudited budget \$000	Actual \$000
Finance charge on finance leases	18	422	665	499
Other		1,548	97	72
Total finance costs		1,970	762	571

Finance charges on finance leases were under budget and lower than the previous year primarily due to the organisation's decision to purchase rather than lease all of the Incident Ground Command (IGC) radios.

Other interest includes \$1.46 million interest amortisation on the loan from Department of Internal Affairs (DIA) (note 15).

5. Other expenses

Breakdown of other expenses and further information

		2019	2019	2018
	Note	Actual \$000	Unaudited budget \$000	Actual \$000
Auditors – Audit NZ fees for other services		-	44	44
Auditors – Audit NZ fees for statutory audit		218	223	232
Other audit fees for other services		17	50	7
Clothing and other consumables		14,796	12,703	11,867
Communications		10,748	12,082	9,350
Computer maintenance and support		16,745	23,422	12,402
Fleet		24,172	20,245	19,492
Grants		3,780	4,408	4,104
Hire of aerial services		3,527	8,251	3,400
Impairment of receivables		67	-	(254)
Insurance		2,291	2,605	2,236
Loss on disposal of property, plant and equipment	18	675	-	326
Occupancy		23,801	23,005	23,360
Printing, stationery and postages		1,729	1,672	1,933
Professional fees and consultants		11,949	10,680	8,497
Publicity and advertising		5,677	6,243	4,782
Purchase of equipment < \$1K		2,485	1,767	2,548
Remuneration of Board and Committee members	3	208	373	381
Repairs and maintenance		3,928	3,748	3,517
Research and development		1,175	909	1,283
Travel		14,069	13,745	12,813
Other expenses		6,763	4,789	5,105
Total other expenses		148,820	150,964	127,425

Clothing and other consumables

This category is \$2.1 million over budget. \$2.7 million of this variance was due to replacing rural protective clothing that did not meet the Wildland Firefighting standards and posed a health and safety risk for our personnel. A further \$0.7 million was due to unbudgeted spend on interim uniforms for personnel while a standard uniform for the organisation is finalised. The overspends were offset by a \$1.3 million underspend in the bulk purchase of firefighting foam. The increase from the previous year was due to a slower roll out of uniforms to rural staff than anticipated in 2017. This was in part due to the unavailability of protective clothing that met the Wildland Firefighting standards.

Communications

Communications costs were under budget by \$1.3 million. This was due to funding allocated to the Next Generation Critical Communications (NGCC) project being capital expenditure rather than operational expenditure.

Computer maintenance and support

This category had a favourable variance of \$6.7 million against budget partly due to delays in the delivery of real-time incident information required for the mobility solutions being delivered to frontline firefighters under the mobility programme. Other factors were NGCC project costs that were re-classified from operational expenditure to capital expenditure and underspend due to re-planning of delivery dates for some of the cloud-based solutions. Costs were \$4.3 million higher than last year due to increased software maintenance and support costs with the larger organisation.

Fleet

Fleet costs were \$3.9 million more than budget due to additional costs incurred in addressing health and safety issues in rural appliances inherited by the organisation, additional rural vehicle leases, higher fuel costs and road user charges. Costs were \$4.7 million higher than last year mainly due to the same reasons.

Grants

This expense was \$0.6 million less than budget due to fewer grants being given and the Len Doughty Fellowship not being awarded in 2018/19.

Hire of aerial services

This category is for aerial resources (helicopter, fixed-wing aircraft) that are required to suppress fires. Costs associated with the suppression activity for the Tasman fire are accounted for separately in the Statement of Comprehensive Revenue and Income. Those costs include the hire of aerial services in relation to that incident and as a consequence this category has come in under budget.

Impairment of receivables

The impairment of receivables expense is comprised of \$0.03 million increase in the allowance for credit losses (note 8) and \$0.04 million bad debts written off. Short-term receivables have been assessed on a collective basis to assess the allowance for credit losses at year end.

Insurance

Insurance costs were \$0.3 million less than budget due to a refund on motor vehicle burning cost premiums.

Occupancy

Occupancy costs were \$0.8 million unfavourable to budget due to remedial property repairs and maintenance, offset by an overprovision for rent in the budgets. Costs increased \$0.4 million from last year mainly due to the leasing of additional office space and associated utility costs for increased staff. Total occupancy costs attributable to the Integration Project were \$0.3 million (2018: \$0.5 million) against a budget of \$0.4 million.

Professional fees and consultants

This category had an unfavourable variance of \$1.3 million against budget. \$2.6 million variance was related to the Integration Project, which spent \$4.3 million (2018: \$2.8 million) against a budget of \$1.7 million. This variance was mainly due to the decision to use external support on developing the Target Operating model. The overspend in Integration was offset by underspends in information and communications technology (ICT), Property and Projects as fewer projects were outsourced.

Publicity and advertising

Publicity and advertising costs were \$0.6 million favourable to budget. To improve the effectiveness of national campaigns, an evidence-based risk reduction strategy was adopted this year. This has led to delays in the delivery of campaigns, such as 'Unattended Cooking Fires', 'Escape My House', and 'Winter Regional Fire Prevention'. Costs were \$0.9 million higher than last year, primarily due to increased advertising costs for 'Escape My House' and 'Recruitment' campaigns this year compared to 2017/18.

Purchase of equipment < \$1K

The purchase of equipment was overspent against budget by \$0.7 million as a result of investing in computer hardware equipment for station internet connection. Costs were \$0.1 million lower than last year.

Travel

Travel costs were unfavourable by \$0.3 million against budget due to the international deployments to Canada, USA and Australia. Costs were \$1.3 million higher than last year, mainly due to the international deployments,

attendance at volunteer chief fire officers conferences and additional training for the larger organisation. The

Integration Project spent \$0.9 million (2018: \$1.1 million) against a budget of \$1.1 million.

Tasman fire

The Tasman fire started on 5 February, and was a large event that was not covered by the standard annual budget for fire suppression costs. The costs presented below are the incremental costs associated with the Tasman fire:

- \$1.9 million personnel costs
- \$10.4 million for the use of helicopters, heavy earth-moving equipment and external firefighting services

- \$0.6 million of travel and accommodation for personnel
- \$0.6 million other costs, including fuel and vehicle maintenance, costs in relation to the staging area, temporary accommodation, incident catering and post Tasman fire debrief.

6. Rural Firefighting Fund

Accounting policy

The RFFF was established under section 46A of the Fire Service Act 1975. The fund was financed by a first right to the proceeds of the levy and an annual Crown grant paid on behalf of the Minister of Conservation. Funds

from the RFFF were put towards meeting the costs of fire authorities in the control, restriction, suppression, or extinction of fires. This fund was disestablished on 30 June 2017 and eventually wound up in the 2018/19 financial year.

Net surplus/(deficit) attributable to the RFFF

	2019	2019	2018
	Actual \$000	Unaudited budget \$000	Actual \$000
Revenue			
Levy	-	-	484
Department of Conservation	-	-	649
Other revenue	-	-	119
Total revenue	-	-	1,252
Deduct claims expense	-	-	(226)
Net surplus/(deficit) attributable to the RFFF	-	-	1,026

The RFFF reserve had a nil balance at year end (2018: \$nil).

7. Cash and cash equivalents

Accounting policy

Cash and cash equivalents

Cash and cash equivalents include 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

		2019	2018
	Note	Actual \$000	Actual \$000
Cash on hand and at bank		29,654	34,055
Short-term deposits		90,000	69,800
Total cash and cash equivalents	23	119,654	103,855

While cash and cash equivalents at 30 June 2019 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

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 A- or above Standard & Poor's credit ratings. No collateral or other securities are held by Fire and Emergency in respect to cash and deposits

at the financial institutions. The organisation maintains an unsecured bank overdraft facility of \$0.25 million (2018: \$0.25 million). In addition, the organisation has uncommitted borrowing facilities available 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 2019 is 2.85 percent (2018: 2.97 percent). As at 30 June 2019, if the interest rates increased/decreased by 1 percent, the interest revenue for the year and accumulated funds would increase/decrease by \$1.2 million (2018: \$1.0 million).

ii) Reserves supported by cash and cash equivalent

		2019	2018
		Actual \$000	Actual \$000
Capital infrastructure investment reserve		43,887	53,750
Total reserves supported by cash and cash equivalents		43,887	53,750

In 2017/18 the Board approved \$53.8 million of capital infrastructure investment that would occur over the next three years (\$11.0 million in 2018/19, \$24.1 million in 2019/20 and \$18.7 million in 2020/21). The capital infrastructure investment reserve has been established to track the balance required to complete the approved future investment.

This year \$9.7 million of the budgeted \$11.0 million was utilised. It is still anticipated that the full \$53.8 million will be utilised by the end of the three-year period.

The reserve has funds that have been ring-fenced for its stated purpose within cash and cash equivalents.

iii) Other reserves

		2019	2018
		Actual \$000	Actual \$000
Seismic resilience reserve		21,186	19,788
Total seismic resilience reserve		21,186	19,788

The seismic resilience reserve has been established to assist the organisation in tracking 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 an allowance for credit losses. Fire and Emergency applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

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

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

Previous accounting policy for impairment of receivables

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

Breakdown of trade and other receivables, and further information

		2019	2018
	Note	Actual \$000	Actual \$000
Levy receivables		123,818	121,462
Other receivables		5,646	2,608
Deduct allowance for credit losses		(1,023)	(1,120)
Total receivables	23	128,441	122,950
Total receivables comprises:			
Receivables from non-exchange transactions (levy)		123,818	121,462
Receivables from exchange transactions (sale of goods and services)		5,646	2,608

Trade and other receivables mainly arise from the organisation's statutory functions and the carrying value approximates their fair value. The organisation 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 organisation's credit exposures are limited to the individual balances. The organisation does not have any receivables at year end (2018: \$nil) that would otherwise be past due, but not impaired, whose terms have been renegotiated.

Trade and other receivables were higher than budget largely as a result of a small increase in other receivables. The accrual for levy revenue at 30 June 2019 was \$123.8 million (2018: \$121.5 million).

Allowance for credit losses

The expected credit loss rates for receivables at 30 June 2019 and 1 July 2018 are based on the payment profile over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period.

There have been no changes during the reporting in the estimation techniques or significant assumptions used in measuring the loss allowance.

The allowance for credit losses at 30 June 2019 and 1 July 2018 was determined as follows:

30 June 2019	Receivable days past due					Total
	Current	Past due 1-30 days	Past due 31-60 days	Past due 61-90 days	Past due > 91 days	
Expected credit loss rate	0.0%	1.4%	3.0%	0.0%	88.9%	-
Gross carrying amount (\$000)	125,010	3,320	33	4	1,097	129,464
Lifetime expected credit loss (\$000)	-	47	1	-	975	1,023

1 July 2018	Receivable days past due					Total
	Current	Past due 1-30 days	Past due 31-60 days	Past due 61-90 days	Past due > 91 days	
Expected credit loss rate	0.0%	1.3%	2.2%	4.5%	87.4%	-
Gross carrying amount (\$000)	122,798	78	46	22	1,126	124,070
Lifetime expected credit loss (\$000)	5	1	1	1	984	992

The movement in the allowance for credit losses is as follows:

	2019	2018
	Actual \$000	Actual \$000
Allowance for credit losses as at 1 July calculated under PBE IPSAS 29	1,120	1,593
PBE IFRS 9 expected credit loss adjustment – through opening accumulated surplus/deficit	(128)	-
Restated opening balance under PBE IFRS 9	992	1,593
Increase/(decrease) in loss allowance made during the year	31	(473)
Total provision for impairment of trade and other receivables	1,023	1,120

9. Prepayments

	2019	2018
	Actual \$000	Actual \$000
Prepaid computer licences	2,952	1,845
Prepaid other	262	863
Total prepayments	3,214	2,708

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.

		2019		
		Land	Buildings	Total
		Actual \$000	Actual \$000	Actual \$000
Note				
	Balance at beginning of year	107	116	223
	Disposals	(100)	(95)	(195)
11	Transfers	2,318	331	2,649
	Net book value at end of year	2,325	352	2,677

		2018		
		Land	Buildings	Total
		Actual \$000	Actual \$000	Actual \$000
Note				
	Balance at beginning of year	852	46	898
	Disposals	(750)	(46)	(796)
11	Transfers	5	116	121
	Net book value at end of year	107	116	223

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 was the planned disposal of properties in South Taranaki (Waitotara station) and Henderson (Don Buck Road).

(2018: Selwyn District (Southbridge station) and South Taranaki (Waitotara station)). The Waitotara station was not sold in 2019 as anticipated and remains as held for sale at the end of 2019.

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 equipment 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 organisation 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 organisation, 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.

Transfer of assets on amalgamation

Property, plant and equipment transferred from RFAs on amalgamation at 1 July 2018 were measured at fair value at the acquisition date. This is consistent with the acquisition method of accounting for business combinations. Any revaluation has been recognised subsequently in line with Fire and Emergency's revaluations policy.

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 useful lives and residual values of property, plant and equipment and intangible assets are reviewed at each balance date. Assessing the appropriateness of useful life and residual value estimates requires the organisation to consider a number of factors, such as the physical condition, expected period of use and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will impact on the depreciation or amortisation expense recognised in the Statement of comprehensive revenue and expense, and the carrying amount of the asset in the Statement of financial position. The organisation minimises the risk of this estimation process by:

- performing asset verifications
- revaluing land and buildings
- conducting impairment testing
- having an asset replacement programme.

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

Breakdown of property, plant and equipment, and further information

		2019										
		Actual \$000										
30 June 2019	Note	Land	Buildings	Fire appliances	Motor vehicles	Communications equipment	Operational equipment	Non-operational equipment	Computer equipment	Leasehold improvements	Work in progress	Total
Cost at beginning of year		-	-	312,534	5,711	35,315	86,469	23,101	16,537	6,986	51,703	538,356
Valuation at beginning of year		296,271	338,432	-	-	-	-	-	-	-	-	634,703
Net book value of leased assets at beginning of year		-	-	-	-	6,755	2,864	-	-	-	-	9,619
Accumulated depreciation		-	-	(156,208)	(2,955)	(15,109)	(50,786)	(15,619)	(11,001)	(5,528)	-	(257,206)
Impairment losses		-	-	-	-	-	-	-	-	-	-	-
Work in progress		3	22,142	6,709	127	4,419	10,298	114	7,798	93	(51,703)	-
Net book value at beginning of year		296,274	360,574	163,035	2,883	31,380	48,845	7,596	13,334	1,551	-	925,472
Acquisitions		4,447	24,309	11,124	1,268	2,841	11,276	5,744	4,364	162	29,893	95,428
Fair value of assets transferred from Department of Conservation	2	670	291	431	90	-	11	-	-	-	-	1,493
Disposals		(176)	(132)	(135)	(12)	-	(149)	(20)	(3)	(2)	-	(629)
Transfers		-	(3)	-	-	-	1	2	-	-	-	-
Depreciation	18	-	(18,633)	(11,093)	(804)	(4,282)	(7,864)	(1,710)	(3,601)	(637)	-	(48,624)
Impairment losses to Statement of comprehensive revenue and expense		-	-	-	-	-	-	-	-	-	-	-
Transfer to non-current assets held for sale	10	(2,318)	(331)	-	-	-	-	-	-	-	-	(2,649)
Revaluation movement	17	12,524	22,636	-	-	-	-	-	-	-	-	35,160
Work in progress		-	7,448	7,498	1,464	2,812	(650)	191	9,633	1,497	(29,893)	-
Net book value at end of year		311,421	396,159	170,860	4,889	32,751	51,470	11,803	23,727	2,571	-	1,005,651
Cost at end of year		-	-	321,699	6,990	38,104	97,337	28,386	20,826	7,148	81,596	602,086
Valuation at end of year		311,418	366,569	-	-	-	-	-	-	-	-	677,987
Net book value of leased assets at end of year		-	-	-	-	5,983	2,098	-	-	-	-	8,081
Accumulated depreciation		-	-	(165,046)	(3,692)	(18,567)	(57,613)	(16,888)	(14,530)	(6,167)	-	(282,503)
Impairment losses		-	-	-	-	-	-	-	-	-	-	-
Work in progress		3	29,590	14,207	1,591	7,231	9,648	305	17,431	1,590	(81,596)	-
Net book value at end of year		311,421	396,159	170,860	4,889	32,751	51,470	11,803	23,727	2,571	-	1,005,651

2018

Actual
\$000

30 June 2018	Note	Land	Buildings	Fire appliances	Motor vehicles	Communications equipment	Operational equipment	Non-operational equipment	Computer equipment	Leasehold improvements	Work in progress	Total
Cost at beginning of year		-	-	293,071	3,177	15,843	76,241	20,911	13,409	6,897	35,896	465,445
Valuation at beginning of year		219,776	298,680	-	-	-	-	-	-	-	-	518,456
Net book value of leased assets at beginning of year		-	-	-	-	7,527	4,428	-	-	-	-	11,955
Accumulated depreciation		-	-	(147,223)	(2,090)	(12,744)	(44,614)	(14,237)	(8,052)	(5,113)	-	(234,073)
Impairment losses		-	-	-	-	-	-	-	-	-	-	-
Work in progress		64	18,252	6,457	-	2,304	4,804	75	3,940	-	(35,896)	-
Net book value at beginning of year		219,840	316,932	152,305	1,087	12,930	40,859	6,749	9,297	1,784	-	761,783
Acquisitions		642	27,665	10,254	1,036	19,349	9,247	2,158	2,943	313	15,524	89,131
Fair value of assets transferred on amalgamation		277	1,202	11,406	1,536	89	620	38	187	70	283	15,708
Disposals		-	(31)	(23)	-	-	(100)	(2)	(2)	(107)	-	(265)
Transfers		-	(33)	-	-	33	-	-	-	-	-	-
Depreciation	18	-	(16,408)	(11,159)	(903)	(3,136)	(7,275)	(1,386)	(2,949)	(602)	-	(43,818)
Impairment losses to Statement of comprehensive revenue and expense		-	-	-	-	-	-	-	-	-	-	-
Transfer to non-current assets held for sale	10	(5)	(116)	-	-	-	-	-	-	-	-	(121)
Revaluation movement	17	75,581	27,473	-	-	-	-	-	-	-	-	103,054
Work in progress		(61)	3,890	252	127	2,115	5,494	39	3,858	93	(15,807)	-
Net book value at end of year		296,274	360,574	163,035	2,883	31,380	48,845	7,596	13,334	1,551	-	925,472
Cost at end of year		-	-	312,534	5,711	35,315	86,469	23,101	16,537	6,986	51,703	538,356
Valuation at end of year		296,271	338,432	-	-	-	-	-	-	-	-	634,703
Net book value of leased assets at end of year		-	-	-	-	6,755	2,864	-	-	-	-	9,619
Accumulated depreciation		-	-	(156,208)	(2,955)	(15,109)	(50,786)	(15,619)	(11,001)	(5,528)	-	(257,206)
Impairment losses		-	-	-	-	-	-	-	-	-	-	-
Work in progress		3	22,142	6,709	127	4,419	10,298	114	7,798	93	(51,703)	-
Net book value at end of year		296,274	360,574	163,035	2,883	31,380	48,845	7,596	13,334	1,551	-	925,472

Fair value of property

		2019		
		Land	Buildings	Total
30 June 2019	Note	Actual \$000	Actual \$000	Actual \$000
Independent valuation		313,743	366,921	680,664
Total fair value at end of year		313,743	366,921	680,664
<i>The above is represented by:</i>				
Net book value at end of year		311,421	396,159	707,580
Work in progress		(3)	(29,590)	(29,593)
Non-current assets held for sale	10	2,325	352	2,677
Total fair value at end of year		313,743	366,921	680,664

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

The fair value of property at 30 June 2019 was determined by the independent registered valuer TelferYoung (Canterbury) Ltd at \$680.7 million (2018: \$634.9 million), from which impairments to buildings planned to be demolished, if any, are deducted. The \$45.8 million increase in the property valuation was mainly due to the \$35.2 million revaluation. This revaluation movement reflects value inflation, acquisitions, new stations and refurbishments/additions.

TelferYoung, 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 much market evidence exists for the sale of fire stations. Given the number of properties in the portfolio and their geographical spread, not all

properties are physically inspected. All properties are inspected in a three-year cycle, and a desktop valuation exercise is carried out on those properties that are not physically inspected. The organisation had 496 (2018: 490) properties in its property portfolio at year end, of which 137 (2018: 202) were inspected during the year (representing 28 percent of the portfolio).

To ensure that properties with high values and significant changes are inspected, the following criteria are used to determine the sample for inspection in any given year:

- properties with carrying values greater than \$5.0 million
- new property acquisitions during the year
- properties with improvement values of over \$1.0 million during the year
- properties where assets required verification
- properties that required an inspection due to changes in their nature
- properties not inspected in the last two years.

Fair value of property

		2018		
		Land	Buildings	Total
30 June 2018	Note	Actual \$000	Actual \$000	Actual \$000
Independent valuation		296,378	338,548	634,926
Total fair value at end of year		296,378	338,548	634,926
<i>The above is represented by:</i>				
Net book value at end of year		296,274	360,574	656,848
Work in progress		(3)	(22,142)	(22,145)
Non-current assets held for sale	10	107	116	223
Total fair value at end of year		296,378	338,548	634,926

The fair value of property at 30 June 2018 was determined by the independent registered valuer

TelferYoung (Canterbury) Ltd at \$634.9 million (2017: Jones Lang LaSalle (JLL) valued at \$519.4 million), from

which impairments to buildings planned to be demolished, if any, are deducted.

Seismic strengthening programme

The seismic resilience reserve projected by the organisation for the seismic strengthening programme amounted to \$21.2 million at year end (2018: \$19.8 million). The organisation requires a minimum standard of at least 67 percent of the current seismic loading standard as defined in the Building Act 2004 for fire stations (and other operational areas) 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. TelferYoung factors into its valuation the organisation'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

	2019		2018
	Actual cash flow \$'000	Unaudited budget cash flow \$'000	Actual cash flow \$'000
30 June 2019			
Fleet	21,683	24,750	11,646
Property	43,811	39,210	34,093
Information and communications technology*	24,334	22,444	36,372
Operational equipment	12,335	11,476	15,448
Total property, plant and equipment	102,163	97,880	97,559
Cash proceeds from disposals	(709)	(2,490)	(1,588)
Net spend	101,454	95,390	95,971

*Information and communications technology (ICT) actual and budget include capex for intangible assets.

The organisation holds over \$681 million (2018: \$635 million) of property assets. This includes a revaluation gain of \$35 million (2018: \$103 million), which reflects the distribution of fire stations, particularly in the major cities.

We continued to invest in capital infrastructure this financial year, with a net spend of \$101.5 million compared to a budgeted spend of \$95.4 million. Net capital expenditure of \$43.1 million on property reflected the receipt of \$0.7 million from the disposal of land at Havelock North and Southbridge, and a gross spend of \$43.8 million. Property spend included major site refurbishments, completing and commencing new builds, land acquisitions, continuation of the Christchurch rebuild, new live fire training facilities, upgrading rural facilities and seismic upgrading. Builds this year included those at Thornbury, East Coast Bays, Mangawhai, Pukete, Remutaka and Spencerville. This year's investment resulted in a further four fire stations being deemed earthquake resilient.

The focus of the fleet capital programme in 2018/19 was to continue the urban appliance replacement programme as part of standard asset lifecycle management and to establish a rural appliance supply capability. In 2018/19, we took delivery of 39 new appliances and 24 support vehicles under the fleet capital programme. Good

progress was made on rebranding the fleet and we now have 93 percent of the vehicle fleet rebranded.

Capital expenditure for the year of \$102.2 million was \$4.6 million more than the prior year (2018: \$97.6 million). Net spend was \$6.1 million more than budget due to:

- bringing forward forecasted 2019/20 projects, including the:
 - national signage programme
 - build of the temporary Christchurch City Fire Station
 - seismic builds
 - exhaust extraction programme
- ICT spend being higher mainly due to overspends on the Availability Messaging System, NGCC project and computer equipment for volunteers
- operational equipment overspend on Level 2 protective clothing due to the replacement of more Level 2 garments than anticipated in the budgeting process
- fleet underspend mainly due to the deferral of purchasing Type 3 appliances, to allow further enhancements to be tested before new orders are placed
- proceeds from the disposal of assets lower than budgeted because IGC radios have not been disposed of, due to the decision to retain the radios rather than leasing.

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

Computer software

Costs are capitalised as computer software when they create a new asset or increase the future economic benefits of an existing asset. Costs capitalised for acquired computer software licences include the costs incurred to acquire 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 organisation'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 maintain SITE and proportionally charges the organisation. This charge is recognised in the Statement of comprehensive revenue and expense.

Benefit of rural leases transferred

Some leases for rural properties that were transferred to Fire and Emergency on amalgamation at 1 July 2017 have only a peppercorn rental. An intangible asset has been recognised to reflect the benefit of acquiring the right to lease these properties. The value of the intangible asset is the annual market rental for these leases as assessed by JLL for the number of years Fire and Emergency has the right to lease.

Disposals

Gains and losses on the disposal of intangible assets are determined by comparing the proceeds with the carrying amounts of the assets, less any disposal costs. Gains and losses on disposal are recognised in the 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%
Benefit of leases on rural property	1–2 years	50–100%

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

The organisation minimises the risk of this estimation process by:

- performing asset verifications
- revaluing land and buildings
- conducting impairment testing
- having an asset replacement programme.

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

Breakdown of intangibles and further information

		2019					
		Actual \$000					
30 June 2019	Note	Computer software (internally generated)	Computer software (purchased)	Shared Information Technology Environment (SITE)	Work in progress	Rural leases	Total
Cost at beginning of year		13,024	25,429	18,292	7,715	1,199	65,659
Accumulated amortisation		(11,260)	(15,773)	(18,292)	-	(622)	(45,947)
Work in progress		3,448	4,267	-	(7,715)	-	-
Total at beginning of year		5,212	13,923	-	-	577	19,712
Acquisitions		467	675	179	3,835	-	5,156
Fair value of assets transferred on amalgamation		-	-	-	-	-	-
Work in progress		1,610	1,687	538	(3,835)	-	-
Amortisation	18	(940)	(2,488)	(28)	-	(577)	(4,033)
Net book value at end of year		6,349	13,797	689	-	-	20,835
Cost at end of year		13,491	26,104	18,471	11,550	1,199	70,815
Accumulated amortisation		(12,200)	(18,261)	(18,320)	-	(1,199)	(49,980)
Work in progress		5,058	5,954	538	(11,550)	-	-
Net book value at end of year		6,349	13,797	689	-	-	20,835

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

		2018					
		Actual \$000					
30 June 2018	Note	Computer software (internally generated)	Computer software (purchased)	Shared Information Technology Environment (SITE)	Work in progress	Rural leases	Total
Cost at beginning 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)	-	-
Total at beginning of year		2,927	11,654	-	-	-	14,581
Acquisitions		1,016	9,644	-	(2,624)	-	8,036
Fair value of assets transferred on amalgamation		-	2	-	-	1,199	1,201
Work in progress		2,295	(4,919)	-	2,624	-	-
Amortisation	18	(1,026)	(2,458)	-	-	(622)	(4,106)
Net book value at end of year		5,212	13,923	-	-	577	19,712
Cost at end of year		13,024	25,429	18,292	7,715	1,199	65,659
Accumulated amortisation		(11,260)	(15,773)	(18,292)	-	(622)	(45,947)
Work in progress		3,448	4,267	-	(7,715)	-	-
Net book value at end of year		5,212	13,923	-	-	577	19,712

13. Trade and other payables

Accounting policy

Trade payables

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

		2019	2018
	Note	Actual \$000	Actual \$000
Payables under exchange transactions			
Trade payables		18,133	12,348
Accrued expenses		18,390	19,345
Total payables under exchange transactions		36,523	31,693
Payables under non-exchange transactions			
Levy in advance		1,762	973
Income in advance		434	-
Taxation payables (GST, PAYE, FBT)		9,500	6,762
Total payables under non-exchange transactions		11,696	7,735
Total payables	23	48,219	39,428

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.

Trade and other payables were \$18.5 million more than budget mainly due to higher trade payables and GST payable at year end. Trade payable balances are dependent on the timing of expenditure, with spend being

higher in June than budgeted. GST payable at year end was higher than budgeted due to more levy charges being invoiced in June than anticipated.

Income in advance relates to funding received this financial year for the NGCC project that has not yet been used but will fund capital purchases in the 2019/20 financial year.

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 retirement and long service leave entitlements expected to be settled within 12 months. Non-accumulating absences such as maternity leave are compensated when the absences occur and therefore no accrual is necessary. Sick leave is paid when taken under the organisation's wellness policy and therefore no accrual is necessary. Gratuities for both paid personnel and volunteers are calculated on an actuarial basis.

Non-current employee and volunteer benefits

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

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

The discount rate, 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
- 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

	2019	2018
	Actual \$000	Actual \$000
Current employee and volunteer benefits		
Accrued salaries and wages	7,727	9,143
Annual leave	27,818	27,337
Long service leave and gratuities	6,552	6,430
Total current employee and volunteer benefits	42,097	42,910
Non-current employee and volunteer benefits		
Long service leave and gratuities	49,174	40,860
Total non-current employee and volunteer benefits	49,174	40,860
Total employee and volunteer benefits	91,272	83,770

Expense on personnel represents 63 percent (2018: 65 percent) of total operating costs for the organisation and consequently any changes within personnel can have a significant impact on the overall cost structure.

Accrued salaries and wages

The decrease this year was due to the timing of the last payroll payment for the year compared with the previous year. This year's accrual was one day less than last year's.

Annual leave

This reflects the current leave liabilities at the end of the financial year. Included in this was \$4.0 million (2018: \$7.0 million) provision for holiday pay remediation payments resulting from the implementation of the Holidays Act 2003.

Long service leave and gratuities

The valuation of long service leave and gratuities for both paid personnel and volunteers depends on a number of factors that are determined on an actuarial basis using a range of assumptions. Key economic assumptions used in calculating this liability are the discount rate and the

salary inflation factor. Any changes in these assumptions can have 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 2019 (2018: 30 June 2018)
- implied risk-free rates over the period of cash outflows ranged from 1.26 to 4.3 percent (2018: 1.78 to 4.75 percent)
- the salary inflation factor was determined (at a minimum) at 2.50 percent (2018: 2.50 percent) per annum.

Sensitivity analysis

If the discount rate were to (decrease)/increase by 1 percent each year from the organisation's estimates, with all other factors held constant, the carrying amount of the liability would (decrease)/increase by (\$5.6 million)/\$6.5 million (2018: (\$3.8 million)/\$4.3 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 organisation 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. 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 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 organisation 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, 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 organisation 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 organisation's accounting policies

Lease classification

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

- lease transfers ownership to the organisation by the end of the lease
- organisation has the option to purchase the asset at a price lower than fair value and expects to exercise this option
- lease term is for the major part of the economic life of the asset
- present value of total minimum lease payments equates to the fair value of the leased assets
- leased assets are of a specialised nature and only the organisation 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 organisation 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	2019	2018
		Actual \$000	Actual \$000
Current borrowings			
Finance leases	23	1,014	974
Crown funding injection – payable	23	12,439	11,790
Other borrowings	23	149	877
Total current borrowings		13,602	13,641
Non-current borrowings			
Finance leases	23	4,926	5,940
Crown funding injection – payable	23	56,051	40,228
Total non-current borrowings		60,977	46,168
Total borrowings		74,579	59,809
Analysis of minimum finance lease payments due			
Not later than one year		1,384	1,409
Later than one year and not later than two years		1,384	1,384
Later than two years and not later than five years		4,187	5,571
Total minimum lease payments due		6,955	8,364
Future finance charges		(1,015)	(1,451)
Present value of lease payments due		5,940	6,913
Analysis of present value of finance lease payments due			
Not later than one year		1,014	973
Later than one year and not later than two years		1,084	1,014
Later than two years and not later than five years		3,842	4,926
Present value of lease payments due		5,940	6,913

The organisation 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 organisation 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, so a lesser amount may be released, if deemed appropriate.

The funding injection is to be repaid over nine years, with the first instalment paid on 29 June 2018 and the final instalment to be made by 30 June 2026. Repayments of the funding injection will be funded through the levy.

A net funding injection of \$16.6 million was received this financial year, leaving a balance of \$71.9 million, of which

\$13.0 million is repayable to the Department of Internal Affairs (DIA) in 2019/20. The fair value of the crown funding injection is \$68.5 million (2018: \$52.0 million). This is based on cash flows discounted using the spot discount rate. The treatment of interest amortisation has changed from prior years. In previous years, the value of the loan was revalued at the end of the year and differences were adjusted in the carrying value. Interest is now amortised over the life of the loan and recognised as an expense. Due to the change in treatment, \$1.5 million of interest has been amortised in 2018/19 and included in finance costs in the Statement of comprehensive revenue and expense. This represents two years of interest amortisation (2017/18 and 2018/19).

		2019	2018
	Note	Actual \$000	Actual \$000
Crown funding injection at beginning of year at face value		55,281	25,961
Additional funding injection at face value		28,569	38,320
Deduct funding repayment at face value		(12,000)	(9,000)
Crown funding injection at face value		71,850	55,281
Deduct fair value write-down at initial recognition		(4,822)	(3,263)
Interest amortisation		1,462	-
Carrying value at end of year	23	68,490	52,018

Other borrowings

Interest-free loans from territorial authorities (TAs) valued at \$0.9 million, arose from individual agreements to transfer each TA's rural fire assets to the Otago Rural Fire Authority (ORFA), effective from 1 July 2014. The loans

from the TAs were assigned to Fire and Emergency at 1 July 2017. During the 2018/19 financial year, Fire and Emergency received confirmation from the Clutha, Central Otago and Queenstown Lakes District Councils that the loans are to be written off.

		2019	2018
		Actual \$000	Actual \$000
Clutha District Council		-	34
Central Otago District Council		-	427
Dunedin City Council		149	149
Queenstown Lakes District Council		-	267
Other borrowings		149	877

16. Provisions

Accounting policy

The organisation 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 organisation provides for the amount it estimates is needed to settle the obligation at its present value.

The organisation 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 organisation 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 organisation's superannuation scheme.

Accident Compensation Corporation Partnership Programme

The organisation belongs to the ACCPP, which is a full self-cover plan with the ACC. Under this plan, the organisation 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 organisation paying a premium for the value of residual claims.

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

	2019	2018
	Actual \$000	Actual \$000
Current provisions		
Loss of medical scheme	170	169
ACC Partnership Programme	1,825	1,533
Total current provisions	1,995	1,702
Non-current provisions		
Lease make-good	2,225	1,030
ACC Partnership Programme	1,874	1,234
Total non-current provisions	4,099	2,264
Total provisions	6,094	3,966

Major movements for each provision are summarised below

i) Loss of medical scheme

	2019	2018
	Actual \$000	Actual \$000
Loss of medical scheme at beginning of year	169	168
Contributions made to the scheme	1	1
Total loss of medical scheme provision	170	169

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 organisation's superannuation scheme.

ii) Lease make-good

	2019	2018
	Actual \$000	Actual \$000
Lease make-good at beginning of year	1,030	896
Additional provisions made	1,195	134
Total lease make-good	2,225	1,030

A provision has been established by the organisation for leased premises where, at the expiry of the lease term, the organisation is required to remove and make good any damage caused to the premises by installed fixtures and fittings. The provision has increased due to an increase in leases particularly those in the rural areas.

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:

iii) Accident Compensation Corporation Partnership Programme

Liability valuation

The organisation has participated in the ACCPP since 1 October 2000. The organisation uses an external independent actuarial valuer, Melville Jessup Weaver (the Actuaries), to calculate the liability at year end. Claims are managed by the organisation for a period of 48 months (2018: 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-Ferguson (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 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 11.6 percent (2018: 11.6 percent) was included to allow for the inherent uncertainties in the central estimate of the claims liability
- a provision for future claim handling costs of 9.0 percent (2018: 9.1 percent) 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).

ACCPP provision summary

	2019			2018
	Current \$000	Non-current \$000	Total \$000	Total \$000
Undiscounted estimated future claims costs	1,461	1,645	3,106	2,332
Large/handback claims estimate	83	-	83	-
Discounting	(44)	(104)	(148)	(59)
Discounted estimated future claims costs	1,500	1,541	3,041	2,273
Claims handling expenses	135	139	274	206
Total discounted outstanding claims liabilities	1,635	1,680	3,315	2,479
Risk margin (11.6%)	190	194	384	288
ACCPP provision at end of year	1,825	1,874	3,699	2,767
Claim handling cost %	9.0%	9.0%	9.0%	9.1%
Risk margin %	11.6%	11.6%	11.6%	11.6%

The estimated Accredited Employers Programme (AEP) liability as at 30 June 2019 was \$3.3 million (2018: \$2.5 million). This increase is attributable to the adjusting of assumptions to better reflect Fire and Emergency's experience over the last two years. Previously the supposition was that claims would be settled earlier. Experience has shown that claims are taking longer

than anticipated to be settled. Adjusting for that reality in the actuarial valuation has resulted in an increase in the liability. The organisation includes a risk margin in its provision and, allowing for this, increased the liability at 30 June to \$3.6 million (2018: \$2.8 million).

ACCPP provision movement summary

	2019	2018
	Actual \$000	Actual \$000
ACCPP provision at beginning of year	2,767	3,012
Net increase/(decrease) to provision during year	932	(245)
Total ACCPP provision	3,699	2,767

Objectives for managing risks

The organisation 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 percent to 1.10 percent 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 Fire and Emergency entered the AEP. The table sets out the discounted provision (central estimate) with loss ratios of 0.90 percent and 1.10 percent.

2019		2018	
Loss ratio %	Liability \$000	Loss ratio %	Liability \$000
0.90	2,993	0.90	2,232
1.00	3,315	1.00	2,479
1.10	3,636	1.10	2,727

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 percent higher and lower than the bond rates.

2019		2018	
Loss ratio %	Liability \$000	Loss ratio %	Liability \$000
(1.00)	3,381	(1.00)	2,511
0.00	3,315	0.00	2,479
1.00	3,252	1.00	2,449

17. Revaluation reserves

				2019		
	Note	Land Actual \$000	Buildings Actual \$000	Total Actual \$000		
Balance at beginning of year		148,819	139,885	288,704		
Revaluation movement	11	12,524	22,636	35,160		
Total revaluation gains/(losses)		161,343	162,521	323,864		
Deduct transfer to accumulated funds on disposal		(40)	(369)	(409)		
Total revaluation reserve		161,303	162,152	323,455		

				2018		
	Note	Land Actual \$000	Buildings Actual \$000	Total Actual \$000		
Balance at beginning of year		73,258	112,552	185,810		
Revaluation movement	11	75,581	27,473	103,054		
Total revaluation gains/(losses)		148,839	140,025	288,864		
Deduct transfer to accumulated funds on disposal		(20)	(140)	(160)		
Total revaluation reserve		148,819	139,885	288,704		

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.

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

		2019	2018
	Note	Actual \$000	Actual \$000
Net surplus attributable to the owners of the organisation		34,022	115,914
Add/(subtract) non-cash items			
Fair value of transferred assets	2	-	(16,931)
Property, plant and equipment write-offs	5	675	326
Amortisation	12	4,033	4,106
Depreciation	11	48,624	43,818
Interest amortisation	15	1,462	-
Total non-cash items		54,794	31,319
(Subtract)/add movements in Statement of financial position items			
Increase/(decrease) in trade and other payables including GST		10,438	2,676
(Increase)/decrease in prepayments	9	(506)	(851)
(Increase)/decrease in receivables	8	(5,491)	(36,402)
Increase/(decrease) in provisions	16	2,128	(110)
Increase/(decrease) in employee and volunteer benefits	14	7,501	11,792
Total net movements		14,070	(22,895)
Add/(subtract) investing activities			
(Gain) on disposal of fixed assets	2	(486)	(689)
Interest paid	4	422	499
Total investing activity items		(64)	(190)
Net cash flows from operating activities		102,822	124,148

Cash flow net GST received (paid)

The net GST component of operating activities reflects the net GST paid and received with IR. The net GST

component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

19. 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

	2019	2018
	Actual \$000	Actual \$000
Buildings	15,355	10,117
Fleet	15,303	8,741
ICT	1,082	291
Plant and equipment	2,064	803
Intangibles	1,127	116
Total capital commitments	34,931	20,068
Buildings	15,355	10,117
Fleet	15,303	8,741
ICT	1,082	291
Plant and equipment	2,064	803
Intangibles	1,127	116
Not later than one year	34,931	20,068
Total capital commitments	34,931	20,068

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.

20. 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 organisation are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the Statement of comprehensive revenue and expense. Lease incentives received are recognised in the Statement of comprehensive revenue and expense and expensed

over the lease term as an integral part of the total lease expense.

Non-cancellable operating leases

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

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

	2019	2018
	Actual \$000	Actual \$000
Not later than one year	9,996	8,883
Later than one year and not later than five years	13,666	13,129
Later than five years	7,367	11,336
Total operating lease commitments as lessee	31,029	33,348

The organisation has operating lease commitments for office and fire station premises, motor vehicles, and office equipment. Significant leases include the seven floors and car parks at National Headquarters located at 80 The Terrace, Wellington. Leases entered into this financial year

include two additional floors at 80 The Terrace and the ICT hub in Wellington. An agreement was also entered for premises for the temporary Christchurch City Fire Station which is required for three years while the current station is demolished and a new station constructed as part of

the post-earthquake rebuild programme. No restrictions are placed on the organisation by any of its operating leasing arrangements, other than that the premises must be used as commercial premises. Lease payments

recognised as an expense in the period amounted to \$9.9 million (2018: \$7.7 million). The organisation does not have any contingent rents or sublease payments.

21. Operating lease commitments as lessor

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

	2019	2018
	Actual \$000	Actual \$000
Not later than one year	150	235
Later than one year and not later than five years	112	101
Later than five years	51	55
Total operating lease commitments as lessor	313	391

The organisation 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 (2018: \$nil). The decrease in not later than one year commitments is mainly due to the sublease of Level 3 at 88 The Terrace, which expired in February 2019.

22. 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 organisation has commenced and completed new builds, 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 (2018: \$19.8 million).

Personnel issues

At 30 June, there were four employment and 14 volunteer-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 from the settlement decision of these matters are currently unquantifiable.

Firefighting foam contamination

A national investigation is currently under way to determine the environmental impact of the historical use of firefighting foams containing substances known as per- and poly-fluoroalkyl substances. In New Zealand, the obligation for remediating contaminated land sits with the polluter and landowner, so there may be a liability on a polluter if they have discharged to the environment. The extent of any future costs for mitigation and remediation related to the past use of firefighting foams by Fire and Emergency is currently unknown.

Contingent assets

Historical claims for cost recovery

In accordance with section 43 of the former Forest and Rural Fires Act 1977, there are a number of RFFF claims with legal advisors for cost recovery at year end. Possible recoveries have been estimated to be \$6.3 million (2018: \$5.0 million).

23. Financial instruments

Accounting policy

Financial instruments

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

Financial assets

The organisation 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 organisation 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 organisation 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 organisation 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 on 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 organisation 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 organisation 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 organisation 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 organisation 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

		2019	2018
	Note	Actual \$000	Actual \$000
Loans and receivables			
Cash and cash equivalents	7	119,654	103,855
Trade and other receivables	8	128,441	122,950
Total loans and receivables		248,095	226,805
Financial liabilities measured at amortised cost			
Trade and other payables	13	48,219	39,428
Finance leases	15	5,940	6,914
Borrowings – Crown injection payable	15	68,490	52,018
Other borrowings	15	149	877
Total financial liabilities measured at amortised cost		122,798	99,237

Financial instrument risks

The organisation 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 organisation to enter into any transactions that are speculative in nature.

Market risk

Interest rate risk

The organisation 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 organisation's exposure to the interest rate risk is limited to call deposits included in the cash and cash equivalents balance. The organisation aims to reduce the risk by investing at fixed interest rates with maturities that are in line with the cash requirements of the organisation. The Fire and Emergency New Zealand Act 2017 does not provide for the organisation 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 organisation's currency risk arises when sourcing property, plant and equipment denominated in foreign currency. The organisation 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 at year end (2018: no contracts).

Credit risk

Credit risk is the risk that a third party will default on its obligation to the organisation, causing a loss to be incurred. In the normal course of business, the organisation incurs credit risk from trade and other receivables and transactions with financial institutions. The organisation 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 organisation 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 organisation 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 organisation 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 organisation 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.

Contractual maturity analysis of financial liabilities

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

	Note	Actual 2019			Actual 2018		
		Less than 6 months	6 - 12 months	1 - 5 years	Less than 6 months	6 - 12 months	1 - 5 years
		Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Creditors and other payables	13	48,219	–	–	39,428	–	–

24. Capital management

The organisation's capital is equity (represented by net assets), which comprises accumulated funds, reserves and contributed capital. The organisation is subject to the financial management and accountability provisions in the Crown Entities Act 2004 (the Act). These provisions impose restrictions in relation to borrowings, the acquisition of securities, issuing guarantees and indemnities, and the use of derivatives. Approval has been obtained from the Minister of Finance in accordance

with the Act for the organisation to enter into derivatives and to maintain committed and uncommitted borrowing facilities at financial institutions. The organisation manages its equity as a by-product of prudently managing revenue, expenses, assets, liabilities and risk, and aims for best practice with regard to its operations and financial dealings. This helps to ensure that the organisation effectively achieves its goals and objectives.

25. Related party disclosures

The organisation 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 organisation 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

		2019	2018
	Note	Actual \$000	Actual \$000
Board members			
Remuneration	3	200	373
Full-time equivalent members		1.0	1.0
Executive Leadership Team			
Remuneration		4,215	3,268
Full-time equivalent members		9.3	9.9
Operational Leadership Team			
Remuneration		3,193	2,745
Full-time equivalent members		15.0	15.0
Total key management personnel remuneration		7,608	6,386
Total full time equivalent personnel		22.3	22.9

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. The disclosure of full time equivalents is a requirement of accounting standard PBE IPSAS 20 Related Party Disclosures. An analysis of Board member remuneration is provided in note 3.

Key management personnel include the Chief Executive. The increase in costs for key management personnel was mainly due to the overlapping of employees in roles due to staff movements and implementation of the new Executive Leadership Team (ELT), pay-outs to key employees who left the organisation and additional costs incurred for personnel who acted up when positions were vacant or while the incumbents were on leave. Other than the Board, Fire and Emergency has two key management teams: the ELT and the Operational Leadership Team (OLT). The role of each team is outlined below.

Executive Leadership Team

The new ELT structure took effect from 1 February 2019, replacing the Strategic Leadership Team (SLT), and gives the organisation a unified operational leadership structure. It provides dynamic, strategic decision-making for the organisation and quality advice for the Chief Executive and the organisation. For the purposes of the table above, the former SLT have been included in the ELT with regard to remuneration. The National Commander Urban and National Manager Rural are also part of the OLT. For the purposes of the table above, they have only been reported as being part of the ELT with regard to remuneration.

The increase in ELT remuneration costs was primarily due to two severance payments and one gratuity payment to members of the former SLT at the end of their service, as

well as roles overlapping during the transition period from the SLT to ELT structure. Additionally, there were 27 pay dates this year compared to 26 last year.

Operational Leadership Team

The purpose of the OLT is to provide national, strategic, operational leadership for Fire and Emergency's core external service delivery functions, provide operational advice to the ELT, 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 Fire and Emergency.

The increase in OLT remuneration was primarily due to backfilling an OLT member who was on extended sick leave for nine months and to a lesser extent due to the backfilling of roles to cover incumbent OLT members while they were on leave. Additionally, there were 27 pay dates this year compared to 26 last year.

Other related party disclosures

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

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

26. Business combination

Fire and Emergency New Zealand was established on 1 July 2017 with the amalgamation of the New Zealand Fire Service, the National Rural Fire Authority, the Commission and 38 RFAs, including Enlarged Rural Fire Districts. The change in structure followed two comprehensive reviews of the fire services, undertaken between 2012 and 2015, and extensive consultation on the type of fire and emergency services that are needed in New Zealand.

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. It agreed to provide up to \$112 million over four years to allow Fire and Emergency 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 Act has stated that Fire and Emergency is the same body as the Commission. Consequently, the financial statements of Fire and Emergency reflect a continuation of the Commission.

The amalgamation is a business combination within the scope of PBE IFRS 3 Business Combinations, because

the operations and assets transferred to Fire and Emergency appear to meet the definition of a business and the transfers are not common control transactions. Fire and Emergency is the acquirer because the Crown, the ultimate controlling entity, initiated its formation, and through Fire and Emergency obtained control of the RFA firefighting operations.

Consequently, the acquisition method of accounting in PBE IFRS 3 has been used to account for the transfer of asset and liabilities from the RFAs. Identifiable assets acquired and liabilities and contingent liabilities assumed have been measured initially at their fair values at acquisition date. As at 30 June 2018, all the properties were valued based on added value or market value approach, and ODRC where no active market exists. The treatment has resulted in the following:

a) Transfer of assets and liabilities

In the 2017/18 financial year, assets and liabilities transferred from the RFAs were recognised at their fair value at 1 July 2017. The fair value of transferred assets and liabilities comprised:

		2019	2018
	Note	Actual \$000	Actual \$000
Cash and cash equivalents		-	2,517
Trade and other receivables		-	337
Prepayments		-	5
Property, plant and equipment	11	-	15,708
Intangible assets	12	-	1,201
Trade and other payables		-	(1,446)
Employee and volunteer benefits		-	(514)
Borrowings		-	(877)
Transferred assets and liabilities		-	16,931

Breakdown of property, plant and equipment

		2019	2018
	Note	Actual \$000	Actual \$000
Land	11	-	277
Buildings	11	-	1,485
Fire appliances	11	-	11,406
Motor vehicles	11	-	1,536
Communications equipment	11	-	89
Computer equipment	11	-	187
Operational equipment	11	-	620
Non-operational equipment	11	-	38
Leasehold improvements	11	-	70
Property, plant and equipment		-	15,708

b) Intangible assets

Operating leases for rural properties were acquired where there was only a peppercorn rental. Intangible assets of \$1.2 million have been recognised in accordance with PBE IFRS 3. This value represents the fair value of the benefit of leases for rural properties with minimal rent, transferred to Fire and Emergency.

c) Fair value of transferred assets revenue

The excess of the fair value of the net assets acquired over the consideration paid is recorded as fair value of transferred assets revenue. As no consideration was paid, the excess shown in the Statement of comprehensive revenue and expense is the value of the net transferred assets (2018: \$16.9 million).

d) Acquisition-related costs

Any acquisition-related costs are expensed as incurred. These have been combined with the other business expenses.

e) Revenue and surplus/deficit

It is impractical to disclose the revenue and surplus/deficit of the acquired entities since the acquisition date on 1 July 2017. Revenue and expenses have been recorded on the basis that Fire and Emergency is one unified organisation. Funding has been provided for the one integrated organisation and the provision of national services is centralised.

27. Post balance date events

There were no significant events after the balance date.

28. Explanation of significant variances against budget

Explanations for major variances from the organisation's budget in the SPE are included in the notes above. Other explanations for major variances are summarised below.

30 June 2019 – Statement of cash flows

Cash and cash equivalents was \$3.9 million less than budget at year end due to the following major variances:

- revenue (including levy receipts) was \$11.8 million favourable – refer to note 2
- spend, including payroll and volunteers (excluding capex/GST), was \$9.0 million unfavourable – refer to notes 3 and 5.
- GST was \$1.3 million unfavourable
- net capex spend (including intangibles) was \$6.1 million unfavourable – refer to notes 11 and 12
- net proceeds from the Crown funding injection was \$0.5 million favourable; the funding injection was made available to the organisation to help fund the transition to the new unified national fire and emergency service.

30 June 2018 – Statement of cash flows

The most significant variance was cash and cash equivalents, which was \$59.6 million higher than budget at year end with the following major variances:

- the opening balance of cash and cash equivalents was \$20.4 million favourable – refer to note 7
- revenue (including levy receipts) was \$56.8 million favourable – refer to Note 2
- spend, including payroll and volunteers (excluding capex/GST), was \$4.8 million favourable – refer to notes 3 and 5.
- GST was \$0.2 million unfavourable
- net capex spend (including intangibles) was \$22.2 million unfavourable – refer to notes 11 and 12
- net proceeds from the Crown funding injection was \$0.1 million unfavourable; the funding injection was made available to the organisation to help fund the transition to the new unified national fire and emergency service.

Major variances against budget in the Statement of cash flows

		2019		
30 June 2019	Note	Actual \$000	Unaudited budget \$000	Variance \$000
Opening balance of cash and cash equivalents	7	103,855	103,909	(54)
Revenue (including levy receipts)	2	605,219	593,393	11,826
Spend, including payroll and volunteers (excluding capex/GST)	3, 5	(501,439)	(492,481)	(8,958)
GST		(958)	373	(1,331)
Net capex spend (including intangibles)	11, 12	(101,454)	(95,333)	(6,121)
Net proceeds from Crown funding injection made available to the organisation to help fund the transition to the new unified national fire and emergency service		16,569	16,112	457
		2018		
30 June 2018	Note	Actual \$000	Unaudited budget \$000	Variance \$000
Opening balance of cash and cash equivalents	7	48,125	27,765	20,360
Revenue (including levy receipts)	2	559,078	502,260	56,818
Spend, including payroll and volunteers (excluding capex/GST)	3, 5	(437,656)	(442,447)	4,791
GST		2,726	2,966	(240)
Net capex spend (including intangibles)	11, 12	(95,971)	(79,798)	(16,173)
Net proceeds from Crown funding injection made available to the organisation to help fund the transition to the new unified national fire and emergency service		29,320	29,405	(85)

29. Adoption of PBE IFRS 9 financial statements

In accordance with the transitional provisions of PBE IFRS 9, Fire and Emergency has elected not to restate the information for previous years to comply with PBE IFRS 9. Adjustments arising from the adoption of PBE IFRS 9 are recognised in opening equity at 1 July 2018.

Accounting policies have been updated to comply with PBE IFRS 9. The main update is:

- note 8 Trade and other receivables: This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying an expected credit loss model.

On the date of initial application of PBE IFRS 9, being 1 July 2018, the classification of financial instruments under PBE IPSAS 29 and PBE IFRS 9 is as follows:

	Measurement Category		Carrying amount		
	Original PBE IPSAS 29 category	New PBE IFRS 9 category	Closing balance 30 June 2018 (PBE IPSAS 29) \$000	Adoption of PBE IFRS 9 adoption \$000	Opening balance 1 July 2018 (PBE IFRS 9) \$000
Cash and cash equivalents	Loans and Receivables	Amortised cost	103,855	-	103,855
Trade and other receivables	Loans and Receivables	Amortised cost	122,950	(128)	122,822
Total financial assets			226,805	(128)	226,677

The measurement categories and carrying amounts for financial liabilities have not changed between the closing 30 June 2018 and opening 1 July 2018 dates as a result of the transition to PBE IFRS 9.



Governance

Te mana whakahaere

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Our Board

Tō Mātou Poari

Members of the Board of Fire and Emergency 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 and Emergency New Zealand Act 2017.

The Board members are:



Hon. Paul Swain, QSO (Chair)

April 2016 – present

Paul was initially appointed as the Board's Chair in April 2016 for a three-year term after leading the independent review of the New Zealand Fire Service in 2012, which resulted in a call for reform. He was reappointed in June 2019 for a further two-year term.

His political career has spanned 18 years, during which time he has held several ministerial portfolios, including State-Owned Enterprises, Corrections and Immigration. He was also a negotiator in Waitangi settlements, and holds a seat on the Greater Wellington Regional Council.

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

Organisational committees:

- Member – Audit and Risk Committee
- Member – Finance and Investment Committee
- Member – Integration and Change 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)

April 2016 – June 2019

Nicola was appointed as the Board's Deputy Chair in 2016 for a three-year term that concluded on 7 June 2019. She is a professional company director with a wealth of governance experience, including a sound understanding of rural fire gained during her time as Chair of the Wellington Rural Fire Authority. She has undertaken research, investigating fire spread in buildings and other enclosed spaces. Nicki is a Chartered Professional Engineer, a Fellow of Engineering New Zealand and the Australian Institute of Company Directors, and a Chartered Fellow of the Institute of Directors.

Organisational committees:

- Chair – Integration and Change Committee
- Member – Remuneration Committee.

Declaration of interests:

- Director – Wellington Water (ended 1 Jan 2019)
- Director – Watercare Services
- Director – Orion New Zealand
- Chair – GNS Science
- Director – Environmental Protection Authority
- Electoral Authority – Co-operative Bank Limited
- Director and Shareholder – Riposte Consulting
- Independent Chair, Joint Governance Board, Chorus and Visionstream UFB Connect
- Member – EPA Decision-making Committee, OMV Great South Basin marine discharge consent application (ended Oct 2018).



Rebecca Keoghan, MNZM (Deputy Chair)

June 2019 – present

Rebecca was appointed Deputy Chair of the Board for a three-year term in June 2019. She has a wealth of experience both at executive and governance level which includes experience as a company director with a leadership and health and safety focus. Last year she was recognised as a rural Woman of Influence. In 2016, she was Fonterra's Dairy Woman of the Year.

Rebecca was made a Member of the New Zealand Order of Merit in 2017.

Organisational committees:

- Member – Remuneration Committee.

Declaration of interests:

- Director – Keoghan Farm
- Director – Invercargill City Forests
- Director – Forest Growth Holdings
- Director – Gravity Dance Studio
- Chair – Health and Safety Committee, Invercargill City Forests.



Te Arohanui Cook

April 2016 – present

Te Aroha was first appointed to the Board in April 2016 for a three-year term, bringing significant engagement with rural fire at both an operational level and through her involvement in rural fire training. Te Aroha was reappointed for a further term of three years starting July 2018.

Organisational committees:

- Chair – Remuneration Committee
- Member – Audit and Risk Committee
- In attendance – Integration and Change Committee.

Declaration of interests:

- Director/Shareholder – Phoenix Ventures Waipukurau Ltd
- Regulatory Service Manager – Westland District Council
- Former volunteer firefighter – Waipukurau.



Peter Drummond MNZM

April 2016 – June 2019

Peter was appointed to the Board in April 2016 for a three-year term that ended in June 2019. He 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. Peter was also a member of the Fire Review Panel in 2012.

Organisational committees:

- Chair – Finance and Investment Committee
- In attendance – Integration and Change Committee
- Member – Remuneration 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).



Wendie Harvey

July 2018 – present

Wendie was appointed to the Board on 1 July 2018 for a three-year term. She holds several senior governance roles including Directorships of Hawke's Bay Airport, Centralines, Napier Port Limited, Aurora Energy and Etco. Wendie has extensive experience in state sector governance, organisational change, employment relations and risk management. She is also a Council Member of the Eastern Institute of Technology.

Organisational committees:

- Member – Integration and Change Committee
- In attendance – Remuneration Committee.

Declaration of interests:

- Director – Excellence in Business Solutions Limited
- Tangihana Joint Venture (ended Nov 2018)
- Commissioner – New Zealand Gambling Commission
- Director – Centralines Limited
- Director – Electrical Training Company Limited
- Director – Hawke's Bay Airport Limited
- Council Member – Eastern Institute of Technology
- Director – Aurora Energy Limited
- Director – Napier Port Limited
- Director – Quality Rooding and Road Services (Wairoa) Limited (ended 1 Feb 2019)
- Chair – Hawke's Bay Airport Construction Limited.



Malcolm Inglis

July 2018 – present

Malcolm was appointed to the Board on 1 July 2018 for a three-year term. He is a Chartered Accountant with significant experience in the state sector including large-scale organisational and sector change. He has held several governance roles on Crown Entity Boards and Councils.

Organisational committees:

- Chair – Audit and Risk Committee
- In attendance – Remuneration Committee
- Member – Integration and Change Committee.

Declaration of interests:

- Volunteer – LandSAR Whanganui
- Director/Shareholder – Inglis and Broughton Limited
- External Member of the Risk and Audit Committee – Whanganui District Health Board.

Board and committee meeting attendance

Board member	Board	Audit and Risk Committee	Integration and Change Committee	Finance and Investment Committee	Remuneration Committee
Paul Swain	12	4	8	3	2
Nicola Crauford	11		8		2
Te Arohanui Cook	12	3	6*		2
Peter Drummond	11		1*	3	0
Malcolm Inglis	12	4	8		2
Wendie Harvey	12		7	2	2
Peter Taylor		4			
Brian Monk				2	
Rebecca Keoghan	1				

* Not a member of the Committee.

Board meetings

The Board operates under the Crown Entities Act 2004. The Board had three standing committees for the year ended 30 June 2019. All meetings and attendance are outlined in the table on page 121.

Committees of the Board

Audit and Risk Committee

The Audit and Risk Committee helps the Board meet its responsibilities for financial reporting, external audit, legislative compliance and internal audit. The Committee makes sure the management has an appropriate risk management framework. The Committee was chaired by Malcolm Inglis, and members were Te Aroha Cook, Paul Swain and an independent member, Peter Taylor (interim Chair from 1 July to 31 December 2018).

Remuneration Committee

The Remuneration Committee supports the Board in meeting its responsibilities for recruitment, remuneration and performance-setting for the Chief Executive. The Committee was chaired by Te Aroha Cook and members were Paul Swain, Nicki Crauford and Peter Drummond.

Integration and Change Committee

The Integration Committee supports the Board in overseeing all initiatives for implementing the Government's reforms and the Crown's investment, and for supporting the organisation as it becomes a unified fire and emergency service. The Committee was chaired by Nicola Crauford and members were Paul Swain, Wendie Harvey and Malcolm Inglis.

Finance and Investment Committee

The Finance and Investment Committee helps the Board meet its responsibilities for ensuring that Fire and Emergency operates in a financially responsible manner, including finance planning, investment management and benefit measurement. The Committee was chaired by Peter Drummond and members were Paul Swain, Wendie Harvey and independent member Brian Monk.

Remuneration of the Board and Committee members

Full details of Board and Committee members' remuneration are set out in note 3 (page 81) of the Notes to the financial statements.

Conflicts of interest

All Board members must disclose any conflicts of interest. All interests are outlined on pages 118–121.

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Glossary

Kuputaka

ACC	Accident Compensation Corporation	MoU	Memorandum of Understanding
ACCPP	Accident Compensation Corporation Partnership Programme	NGCC	Next Generation Critical Communications
AEP	Accredited Employers Programme	NZ GAAP	New Zealand Generally Accepted Accounting Practice
AMS	Availability Messaging System	NZDF	New Zealand Defence Force
BF	Bornheutter-Ferguson	NIMT	National Incident Management Team
CDEM	Civil Defence Emergency Management	NZD	New Zealand Dollars
CIMS	Coordinated Incident Management System	ODRC	Optimised Depreciation Replacement Cost
CIPSS	Critical Incident and Personal Stress Support	OLT	Operational Leadership Team
DIA	Department of Internal Affairs	ORFA	Otago Rural Fire Authority
DOC	Department of Conservation	OSM	Operational Skills Maintenance
ELT	Executive Leadership Team	PAYE	Pay As You Earn
EMCOP	Emergency Management Common Operating Picture	PBE	Public Benefit Entity
FAIP	Fire Awareness Intervention Programme	QSO	Queen's Service Order
FBT	Fringe Benefit Tax	RFA	Rural Fire Authority
FRS	Financial Reporting Standard	RFFF	Rural Firefighting Fund
GST	Goods and Services Tax	RNZAF	Royal New Zealand Air Force
HNZ	Housing New Zealand	RPAS	Remotely Piloted Aircraft System
ICS	Incident Control System	SDLT	Service Delivery Leadership Team
ICT	Information and Communications Technology	SITE	Shared Information Technology Environment
IFRS	International Financial Reporting Standards	SLT	Strategic Leadership Team
IGC	Incident Ground Command	SMS	Station Management System
INSARAG	International Search and Rescue Advisory Group	SPE	Statement of Performance Expectations
IPSAS	International Public Sector Accounting Standard	TA	Territorial Authority
IR	Inland Revenue	UFBA	United Fire Brigades Association
JLL	Jones Lang LaSalle	USA	United States of America
LAC	Local Advisory Committee	USAR	Urban Search and Rescue
MCDEM	Ministry of Civil Defence and Emergency Management	WFAA	Women and Firefighting Australasia
		XRB	External Reporting Board

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