



ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2001

# A JOURNEY NOT YET OVER

TE HIKOI ROA



**Front Cover:** Northland assistant fire region manager (fire safety) Mike Lister stands in front of a Northland home damaged by fire.

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30 October 2001

**Hon George Hawkins**  
Minister of Internal Affairs  
Parliament Buildings  
WELLINGTON

Dear Minister

## New Zealand Fire Service Commission Annual Report



**Dame Margaret with firefighters  
at the opening of the refurbished  
Hamilton Fire Station.**

In accordance with the Fire Service Act 1975, the Forest and Rural Fires Act 1977 and the Public Finance Act 1989, I present to you the annual report of the New Zealand Fire Service Commission for the year ended 30 June 2001.

### **Fire Outcomes – Residential Fire Fatalities**

The Commission's determination to focus the New Zealand Fire Service on fire safety, fire prevention and fire outcomes continues to serve New Zealand communities well. In 1996/97 fatalities from fires in homes peaked at 36. By 1999/00 the 3-year "Home Safe Home" fire safety campaign had more than halved that sad toll to 17. In the 2000/01 year residential fire fatalities totaled 16.

The Commission is pleased the Fire Service and its fire safety partners have been able to lock in the substantial progress achieved over the last four years. The challenge now is to target and influence the most difficult, hard to reach at-risk groups. One thing is patently clear; the Fire Service cannot do it alone. Residential fire fatalities are often a manifestation of deeply rooted, complex, inter-related social ills. Accordingly, fire deaths cannot be addressed in isolation; rather they must be dealt with a broader social policy programme.

Nowhere is this truth more evident to the Commission than in Northland. In successive months four children and one adult died in house fires in two separate incidents. Housing New Zealand, Winz, Social Welfare, and ACC together with the Fire Service have contributed to a concerted fire safety campaign in response to those tragic incidents. The campaign will be extended shortly to include Eastern Bay of Plenty and the East Coast north of Gisborne. The Commission is confident the fire risk has been reduced but is well aware it has not been eliminated.

### **Other Outcomes**

The Commission is disappointed that other key outcome indicators – total fire fatalities, hectares lost to wildfire, and the numbers of urban fires – trended adversely in 2000/01. Total fire fatalities included a large unexplained increase in deaths from fires following motor vehicle accidents. The Commission is considering how best to lend its expertise in fire to those agencies whose principal responsibility is road and vehicle safety.

### **Industrial Relations**

The Commission is satisfied the long-standing difficulties surrounding the collective employment agreement for paid firefighters are drawing to a close. Agreement on the terms and conditions of a new collective agreement was reached with the New Zealand Professional Firefighters Union on 29 June 2001. Given the diversity of contractual arrangements with the Fire Service workforce it was anticipated it would take some time to achieve the Government's stated preference of common terms and conditions of employment for all firefighter employees. Rapid progress has been made, morale is greatly improved and the focus has now turned to building a harmonious and efficient workforce.

### **Supporting Volunteerism**

The United Nations' International Year of Volunteers commenced officially on 5 December 2000. The Commission approved a series of special initiatives to mark the International Year of Volunteers. In particular I draw your attention to the introduction of a new and better-funded grant scheme for volunteer brigades and a commemorative medal to mark the year. Formal medal presentation ceremonies have provided communities around the country with an opportunity to say thanks to their volunteers and for the volunteers to say thanks to their employers and families. The Commission is grateful to its 8,000 volunteers whose selfless contribution makes such a difference to so many communities.

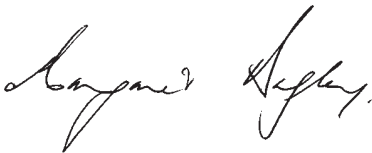
**Funding**

The financial section of this report discloses that the proceeds of the Fire Service levy were insufficient to meet the net operating expenditure of the Commission (and the contribution to the rural fire fighting fund) by \$6.877m. As a consequence the Commission had to draw down that amount of additional debt to fund its operations for the year. Had it not been for your decision to increase the rate of levy with effect from February 2001 the increase in debt would have been considerably greater. Your determination to place the finances of the Commission on a sounder footing through a comprehensive review of the funding system is appreciated. Obtaining broad support for a more efficient and equitable funding system will not be easy but the Commission is committed to assisting you in whatever way it can. Elsewhere in this report we have described in some detail the unique arrangements for funding this crown entity. We trust this will help readers of the accounts to form a better understanding of the financial position of the Commission.

**Governance**

The wisdom of expanding the size of the Commission is now apparent and I thank the members of the Commission for their unwavering support during the year. The Commission also wishes to thank Alison Timms who stepped in at short notice as chief executive (acting) in May 1999 and remained in that position until the appointment of Mike Hall as chief executive in May 2001. The Commission welcomes Mike and looks forward to a period of sustained improvement in the key outcome indicators established for the Fire Service under his leadership.

Yours sincerely



**Dame Margaret Bazley, DNZM**  
Chairperson

# Commission Overview

## COMMISSION MEMBERSHIP

Until 25 September 2000 the New Zealand Fire Service Commission comprised four members. Three were appointed by the Governor-General on the recommendation of the Minister of Internal Affairs and the fourth was the Secretary for Internal Affairs, ex officio. From 1 July 2000 to 25 September 2000 the members of the Commission were:

**Dame Margaret Bazley**, DNZM, chairperson

**Mr Brian Stanley**, deputy chairperson

**Mr Neville Young**, member

**Dr Roger Blakeley**, Secretary for Internal Affairs.<sup>1</sup>

The Fire Service Amendment Act 2000 came into force with effect from 26 September 2000. This Act increased the number of members appointed by the Governor-General on the recommendation of the Minister of Internal Affairs from three to five and disestablished the ex-officio position of the Secretary for Internal Affairs. Membership of the Commission remained as noted above until appointments to give effect to the Fire Service Amendment Act 2000 were made on 14 November 2000. From that date the members of the Commission were:

**Dame Margaret Bazley**, DNZM, chairperson

**Mr Terry Scott**, deputy chairperson

**Mr Neville Young**, member

**Ms Angela Foulkes**, member

**Dr Piers Reid**, member.

## STATUTORY FUNCTIONS OF THE COMMISSION

In addition to its role as the Crown's principal manager of fire risk in New Zealand, the Commission has four main statutory functions:

- Overall co-ordination of fire safety as established by sections 20 and 21 of the Fire Service Act 1975 and section 12(2) of the Building Act 1991.
- Governance of the New Zealand Fire Service as required by section 14 of the Fire Service Act 1975.
- Exercise the role of the National Rural Fire Authority as set out in sections 14A of the Fire Service Act 1975 and section 18(2) of the Forest and Rural Fires Act 1977.
- Receive and audit the proceeds of the Fire Service levy as established by sections 47B and 48 to 53A of the Fire Service Act 1975.

<sup>1</sup> Dr Blakeley's term of office as Secretary for Internal Affairs ended on 30 September.

## OVERALL CO-ORDINATION OF FIRE SAFETY

The Commission discharged this responsibility during the year in a number of ways. The Commission:

- Considered and endorsed the National Fire Safety Promotion Strategy prepared by the Fire Safety Functional Group of the New Zealand Fire Service
- Entered into memoranda of understanding with many fire safety partners to formalise the previous informal relationships
- Progressed codes of practice for special occupancies including:
  - The homestay industry (2,500 homes)
  - Schools and other educational facilities (2,700 schools)
  - Correctional facilities
  - Healthcare facilities
  - Housing Corporation residential units
- Met the Building Industry Authority once in formal session and liaised regularly with technical staff from the authority on matters of mutual interest
- Funded a lectureship in fire engineering at the University of Canterbury and provided scholarships to five students to study for post graduate degrees in fire engineering
- Awarded \$500,000 of fire safety related research contracts across a diverse mix of disciplines and providers
- Published and disseminated the results of the research contracts let in previous years
- Hosted evening functions in Waitakere City, Wellington City and Auckland City for stakeholders from local government, business and commerce, the engineering and architectural professions, sister emergency services and non-governmental fire safety partners to foster close and harmonious working relations
- Funded the development of a national standard and code of practice for a low cost residential sprinkler system
- Commenced research on fire protection for historic and heritage buildings.

## GOVERNANCE OF THE NEW ZEALAND FIRE SERVICE

The Commission discharged its principal governance responsibilities through:

- **The appointment of a Chief Executive.** Alison Timms served as chief executive (acting) until 24 May 2001. Mike Hall, formerly commissioner, south eastern region with the Queensland Fire and Rescue Authority commenced employment with the New Zealand Fire Service Commission on 14 May and took up the position of chief executive with effect from 24 May.



- **The Performance Agreement.** The Commission negotiated a performance agreement with Alison Timms that set out the Commission's expectations with respects to standards of behaviour, strategic priorities and performance measures. That agreement remained in place until Ms Timms' retirement. Similar performance standards, priorities and measures have been agreed with Mike Hall.
- **The Purchase Agreement.** This document establishes the quantity, price, quality and timeliness of the outputs to be purchased and must be consistent with the estimates of expenditure approved by the Minister. An interim purchase agreement was in place between the Commission and the chief executive (acting) on 1 July 2000 and this was subsequently confirmed following the Minister's approval of the estimates of expenditure on 3 October 2000.
- **The Instrument of Delegation.** This document gives the chief executive authority to exercise certain of the Commission's statutory powers subject to relevant policy direction. The instrument of delegation dated 18 June 1998 (as reconfirmed by the Commission on 5 December 2000) remained in force until 20 June 2001 when the Commission issued new delegations to the chief executive.
- **The Audit Committee.** This committee advises the Commission on risk management, policy compliance, the annual audit programme and statutory reporting. Following the appointment of members to the expanded Commission on 14 November 2000, the members of the committee were Neville Young (chairperson), Piers Reid, and Malcolm McCaw (co-opted). In April 2001 Angela Foulkes replaced Malcolm McCaw. The Commission has appreciated Malcolm's long and distinguished service as an external adviser to the Commission.
- **Statement of Strategic Direction.** The reconstituted Commission issued a revised statement of strategic direction that has been incorporated in the statement of intent for the year ending 30 June 2002.

## THE NATIONAL RURAL FIRE AUTHORITY

Responsibility for the delivery of rural fire prevention, suppression and extinction services rests with rural fire authorities – mostly territorial authorities but also the Department of Conservation, the New Zealand Defence Force, private forest plantation owners and other special purpose entities. The Commission, through the New Zealand Fire Service chief executive and the national rural fire officer, is responsible for rural fire policy at a national level. This includes establishing national standards and codes of practice, auditing compliance with those standards, co-ordinating rural fire authorities and reimbursing the costs incurred in fighting rural fires. Highlights of the year ended 30 June 2001 were:

- **Publication of the second National Rural Fire Authority Strategic Plan.** This plan was agreed after extensive consultation with all stakeholders in rural fire and covers the years 2001 to 2006.
- **Implementation of a new Fire Incident Reporting system.** This national system provides for the first time the capacity to capture and report rural fire statistics.
- **Deployment of New Zealand rural fire managers to the United States.** A team of 11 New Zealand fire managers responded to requests for assistance from United States wildfire agencies to manage a series of major wildfires during August and September 2000.
- **Deployment of National Incident Management Teams.** National incident management teams were sent to large rural fire incidents in Marlborough and Canterbury during December 2000 to March 2001.

The Commission appreciates the ongoing support and contribution of the National Rural Fire Advisory Committee.

## LEVY RECEIPT AND AUDIT

Section 48 of the Fire Service Act requires insurance companies and certain other entities to collect a levy on all fire insurance contracts and to send the proceeds of the levy to the Commission. The proceeds of the levy are applied to the:

- rural fire fighting fund
- actual net expenditure of the Commission.

The levy is reviewed annually by the Minister of Internal Affairs. Following the review in September 2000 the rate of levy was increased from 6.2 cents to 7.3 cents per \$100 of insured value to take effect from 1 March 2001.

The Commission continued a comprehensive audit programme of insurers and brokers. Whereas the audit programme for the previous two years targeted major insurance companies and brokers dealing with owners of significant amounts of insurable property the focus for the year ending 30 June 2001 was on:

- insurance brokers in provincial centres dealing with smaller property owners
- insurance companies who also act as brokers
- individual corporations known to be placing insurance business offshore.

The 2000/01 audit programme assured the Commission there were no significant non-compliance issues in these sectors of the industry. The audit programme was supplemented by requests to corporations for statutory declarations of their insurance arrangements. Through this exercise the Commission identified off shore insurance placement arrangements and collected additional levy.

## **FIRE SERVICE COMMISSION EXPENDITURE AND FUNDING ARRANGEMENTS**

The Commission is concerned about a widespread misunderstanding of the unique arrangements governing the expenditure and funding of the Commission. The following summary of the arrangements is provided to help readers of the accounts and the annual report gain a better perspective of the financial position of the Commission.

- **New Zealand Fire Service Expenditure.** Each year the Commission must submit estimates of its expenditure to the Minister of Internal Affairs and obtain the Minister's approval before committing that expenditure. The approved estimates of expenditure determine the Commission's spending levels, not the state of the levy account, ie a surplus in the levy account does not enable the Commission to spend more, nor a deficit in the account to spend less. Expenditure from the rural fire fighting fund is subject to the same Ministerial approval process.
- **Commission Funding.** The Commission is authorised to draw from the levy account funds equal to its actual net expenditure. When the levy account is insufficiently funded to meet that expenditure the Commission is authorised to borrow the shortfall from its bankers in anticipation of future levy income. This was the situation during the year in review and the preceding year.
- **Fire Service Levy Income.** The level of income generated by the levy depends on two factors: the rate of levy (which is set by the Minister of Internal Affairs after approving the Commission estimates of expenditure) and the underlying amount for which all property in New Zealand is insured against the risk of fire. Neither factor is within the control of the Commission.

# Chief Executive Overview



**Fire Service Chief Executive, Mike Hall with the Fire Service kaumatua, Sir John Turei.**

The New Zealand Fire Service Commission through the Fire Service and the National Rural Fire Authority aims to reduce the incidence and consequences of fire. This overview covers some of the significant events and achievements in the 2000/01 year.

## **INDUSTRIAL RELATIONS**

The long running industrial dispute with firefighters was resolved with the signing of a collective agreement with the New Zealand Professional Firefighters Union (NZPFU) on 29 June. NZPFU members working

in communication centres, volunteer support, fire safety and training are covered by the agreement.

The collective agreement is a positive step towards developing a more harmonious and productive working environment within the Fire Service.

## **FIRE SAFETY EDUCATION**

The Fire Service reviewed and updated its promotion plan during the year. The 5-year plan is one of the key components of the organisation's fire safety strategy. It sets out how the Commission will achieve its 5-year goals of reducing the incidence of fire and the consequences of fire to people, property, communities and the environment.

Fire safety initiatives undertaken during the 2000/01 year included:

- The "Firewise" programme for year one and two school students to educate them about the dangers of fire and how to reduce fire risk in the home
- A national television advertising campaign
- The development and distribution of home escape plan kits
- Extensive regional and district promotions designed to support the national campaigns.

## **PREPARATION AND RESPONSE**

The community risk management guide was finalised during the year following field trials. The guide enables building specific risks to be identified, prioritised and treatment options developed and implemented. Part of this process includes the pre-planning by firefighters for fire incidents.

A 5-year training strategy was developed to provide a structured approach for the ongoing development of paid and volunteer firefighters, officers and other operational staff. Implementation of the strategy will begin in the 2001/02 year.

The Fire Service continued its firefighter recruitment programme during the year. Five recruit courses were run with each course consisting of approximately 25 recruits. This programme fills some of the large number of firefighter vacancies and helps to address and lower the high average age of firefighters.

## **RURAL FIRE**

Two significant fires occurred in Marlborough on the afternoon of 26 December 2000. The Wither Hills fire which burned over 6,100 hectares of rank grass and the Ward fire which burnt 560 hectares.

The Wither Hills fire started in the vicinity of Blenheim but was stopped from entering the urban area. However, the fire destroyed stock, fences and machinery in isolated sheds.

A multi-agency incident management team relieved Marlborough firefighters on the evening of 27 December. Resources were brought in from as far afield as Wellington and the West Coast.

In August and September 2000, a team was assigned to the United States to provide support and assistance in the response to major wildfires in Montana and Idaho. They responded to a request from the chairperson of the multi agency co-ordinating group at the National Interagency Centre in Boise, Idaho. The assignments covered supervisory, operational management and planning roles on wildfires in Montana and Idaho. The firefighters arrived in the United States in mid August and returned in September after 42 days on assignments.

## **VOLUNTEERS**

The 2001 calendar year is the international year of the volunteer. To recognise this the Fire Service completed three key projects to support volunteer fire brigades:

- A review of brigade grants
- The development of new agreements for service
- A study of the contribution volunteer fire brigades make to New Zealand communities.

The review of grants to volunteer brigades was completed and presented to the United Fire Brigades Association conference in March 2001. The new brigade grants allocation system was in place for the start of the new financial year on 1 July 2001. The system allocates funding to volunteer brigades on a risk basis and marks the first review of the system since 1977.

A draft agreement for service was developed during the year. Comments were invited on the draft from 18 selected volunteer brigades and other interested parties. The comments will be incorporated into the final version. This will be used as a basis for the negotiation of an agreement for service between fire region managers, on behalf of the Commission, and individual volunteer brigades.

A study of the contribution volunteer fire brigades make to New Zealand communities was completed during the year. The results of this work will be incorporated into a broader discussion document on the challenges for volunteerism in the New Zealand Fire Service.

## **INTERNAL CONTROL ENVIRONMENT**

Policies that provide the internal risk management framework were reviewed and updated during the year. The revision included addressing issues raised in the Cull report. Staff training on the revised policies is planned for the first quarter of the 2001/02 year. The policies are available for all staff on the Fire Service intranet.

## **STAKEHOLDER CONSULTATION**

Strong emphasis was placed on stakeholder consultation during 2000/01.

Consultation at the national level included:

- Briefings in August and April with insurance industry representatives. These briefings included consultation on the Commission's estimates of expenditure for 2001/02 as required by the Fire Service Act.
- Quarterly briefings with the Department of Internal Affairs, the State Services Commission, Treasury, the Office of the Controller and Auditor-General, Audit New Zealand and the Department of the Prime Minister and Cabinet on the Commission's performance and other major issues.
- Occasional meetings with the Building Industry Authority, Building Research Association of New Zealand (BRANZ), Standards New Zealand and territorial authorities on building regulations and standards.
- Bi-monthly meetings with the United Fire Brigades Association (UFBA) concerning volunteer issues.

- Monthly meetings with the Professional Firefighters Union on operational issues affecting paid firefighters.
- Regular meetings and briefings with emergency management agencies such as St John's Ambulance, Police, Civil Defence and the Ministry of Emergency Management on common national issues.
- Regular meetings with representatives in the rural fire industry.

## **EQUAL EMPLOYMENT OPPORTUNITIES**

The Commission's key achievements against its 2000/01 EEO programme were:

- All senior managers undertook Maori cultural awareness training including an overnight visit to a Marae.
- All senior managers had EEO based objectives in their performance agreements.
- EEO information was included in the Fire Service induction process for general staff and firefighter recruit training.
- A sexual harassment policy was drafted and implemented.
- Victoria University Treaty of Waitangi workshops were made available to staff in corporate office and the national service centre.
- Firefighter recruitment advertising was aimed at attracting a more diverse range of applicants.
- A New Zealand Fire Service women's forum was established by paid operational staff.
- The physical testing of potential recruits was reviewed and updated. As a result the percentage of recruits offered employment who were female rose from 2.5% in 2000 to 18% in the first 6 months of 2001.

# Supporting the Government's Goals

One of the Government's goals includes:

- ***“building safe communities”***

through

- ***“working in partnerships with communities”***

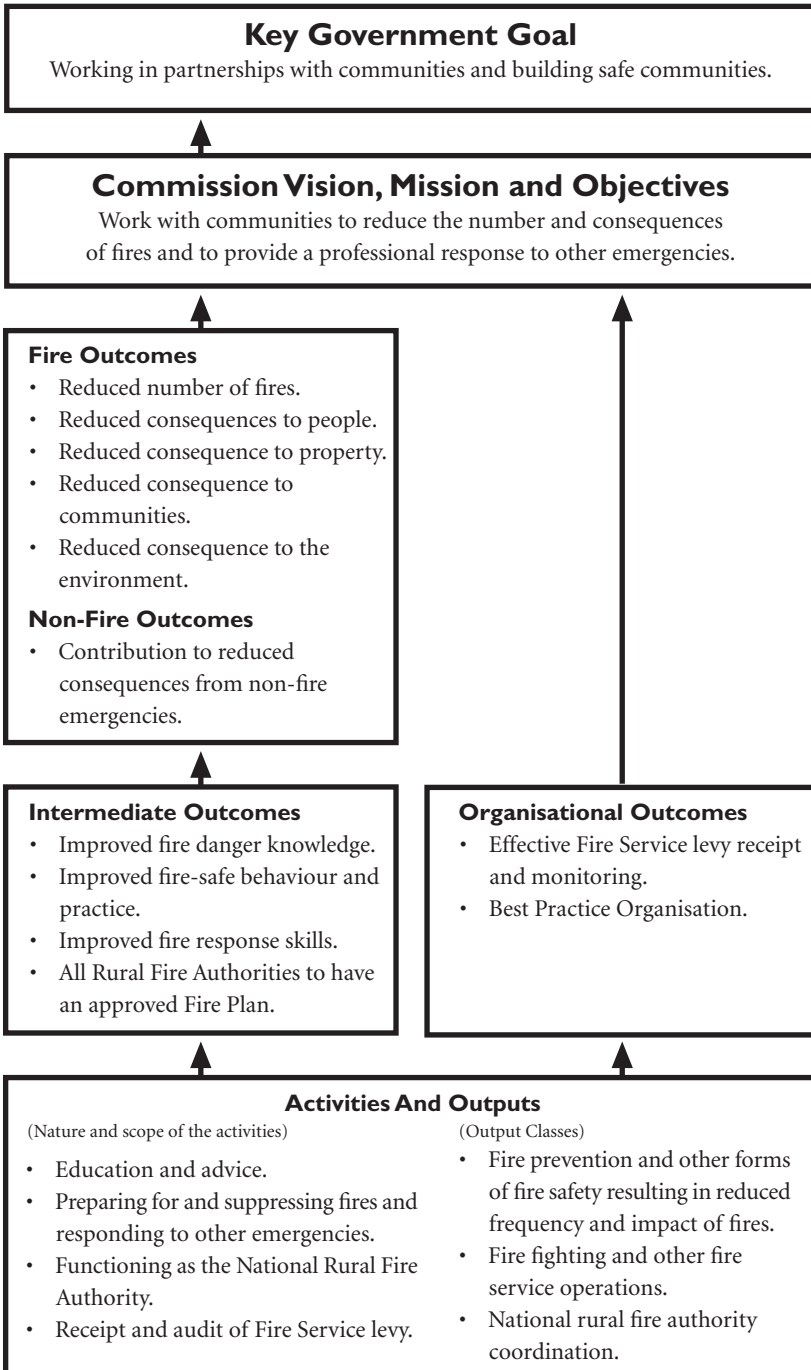
The Commission contributed to building safe communities by reducing the incidence and consequence of fires and responding to other emergencies. It worked in partnership with communities to deliver effective fire safety education so people understood fire risks and the ways to prevent fires and to take action in the event of a fire.

The Fire Service also provided fire suppression services to minimise fire consequences and provided a professional response to a range of other emergencies, eg motor vehicle crashes and civil emergencies. Through the National Rural Fire Authority, the Commission sets standards for putting out fires in rural areas and co-ordinates rural fire authorities.

The following diagram illustrates the relationship between the Government's goal of “building safe communities”, the Commission's objectives, fire outcomes, intermediate outcomes and the activities and services (outputs) provided by the Commission.



# Relationship between Government Goals and Commission Objectives, Outcomes and Outputs.



# Fire Outcomes – 2000/01 Summary

## **Avoidable Residential Structure Fire Fatalities**

Down 6% compared to 1999/00  
 Down 33% from 1998/99  
 Down 56% from 1996/97 (benchmark  
 for the goal of a 50% reduction)

## **Injuries from Fire**

327 in 2000/01  
 300 in 1999/00  
 350 in 1998/99

## **Fires**

Up 4% from 1999/00  
 Down 4% from 1998/99  
 Down 12% from 1997/98

## **Urban Fires**

Unchanged compared to 1999/00  
 Down 8% from 1998/99  
 Down 23% from 1997/98

## **Residential Property Damage**

Fires down 8% compared to 1999/00  
 70% of fires contained to the room  
 of origin compared to 77% last year

## **Non-Residential Property Damage**

Fires down 14% compared to 1999/00  
 73% contained to 10% or less damage compared to 78% last year

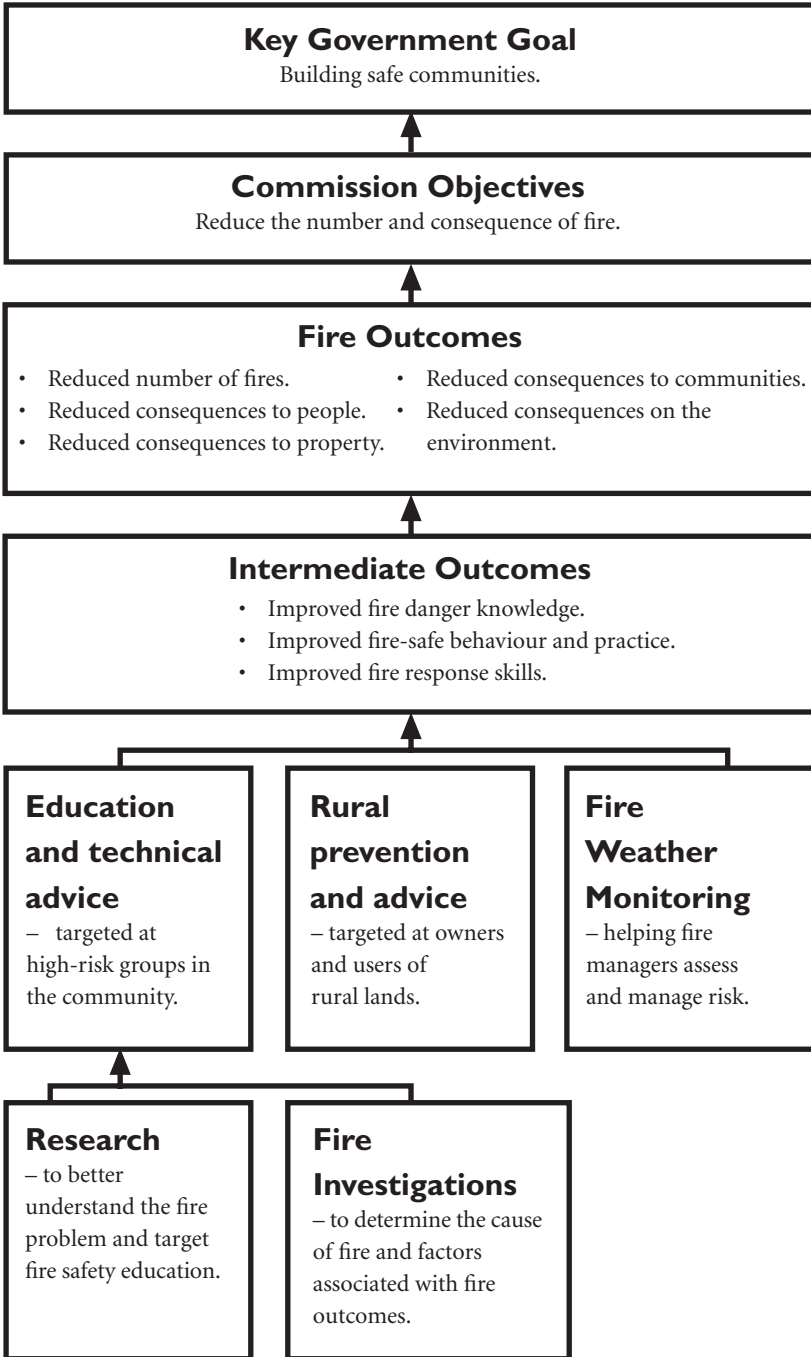
## **Rural Fires**

Up 39% compared to 1999/00

## **Area lost to Wildfire**

12,666 hectares damaged compared to 2,054  
 in 1999/00 and 17,699 in 1998/99.

# Fire Outcomes – Education and Advice



## **INTERMEDIATE OUTCOMES**

### **Public Fire Safety Knowledge, Behaviour and Response Skills**

Fire safety education programmes delivered by the Fire Service and the National Rural Fire Authority resulted in improved fire safety knowledge, behaviour and response skills among the public.

Partnerships with external organisations were developed and enhanced to help the Fire Service improve the public's knowledge about fire safety and how to behave and respond to fire. Documentaries and news media coverage of fires with fire safety messages also contributed to greater public awareness.

Evidence of improved fire safety knowledge among the public is provided on pages 56-57.

## **COMMISSION OUTPUTS**

Commission outputs (services) improved the public's fire safety knowledge and produced a positive change in fire-safe behaviour and fire response skills. Fire prevention and advice campaigns were delivered through the Fire Service and the National Rural Fire Authority. Campaigns targeted high-risk groups within communities to achieve the greatest impact on fire outcomes.

The Commission funded research, carried out fire investigations and monitored fire weather information to target fire prevention and advice campaigns more effectively. Research objectives included quantifying fire risk better, identifying characteristics of high-risk groups, and how to reach these groups to achieve a change in fire-safe behaviour.

The Commission through the National Rural Fire Authority supplied rural fire authorities with fire weather data to help monitor fire risk in rural areas.

### **Targeted Fire Safety Education**

#### **Public Education – Fire Service**

The national promotion plan was reviewed and updated during the year. The plan covers the 5-years to 30 June 2006 and recognises the need to focus resources on promoting fire-safe messages to at-risk groups. The 5-year goals of the plan are to:

- Keep reducing in the incidence and consequences of fire to meet the Commission's 5-year targets.
- Ensure that three out of four people understand how to be fire-safe.
- To be a world leader in the promotion of fire-safe behaviour.

The plan identifies three key strategies to achieve the 5-year goals. They are to:

- Invest in a fire-safe culture.
- Build recognisable fire-safe messages.
- Target groups most at risk from fire and with the most risky behaviour.

During 2000/01 a national programme for schools (Firewise) and a national television advertising campaign were put in place. These national campaigns were supported by the local promotion activities in the eight fire regions.

#### **Prevention and Advice – National Rural Fire Authority**

The National Rural Fire Authority co-ordinated a national campaign to promote fire-safe behaviour in rural areas. The national campaign was run in conjunction with the New Zealand Forest Owners Association and the Department of Conservation. It included a national television campaign in early 2000. The campaign focused on fire prevention and making landowners and the general public aware of their legal obligations with respect to wildfires.

Rural fire authorities also carried out local campaigns within their jurisdictions during the year.

#### **Technical and Professional Advice**

The national plan to provide consistent professional and technical advice to people involved in building ownership, development, occupation, design and standard setting was continued during the year. The plan targets the following at-risk categories of building:

- Aged and disability care facilities, particularly those providing sleeping accommodation
- Places of detention and restraint
- Sleeping accommodation buildings particularly boarding houses and inner city re-developments
- Heritage and historical buildings
- Schools and places of early childhood education
- Large industrial complexes.

The Fire Service worked with key industry representatives to make sure they had consistent national fire safety standards within their respective businesses. The primary focus was on standards for automated fire safety systems and evacuation processes. The representative groups included the Ministry of Education, rest home associations, Housing New Zealand, the Department of Corrections, BRANZ, the Building Industry Authority and building owners.

## **Research**

### **Contestable Research Fund**

The New Zealand Fire Service Commission established a contestable research fund of \$500,000 per annum in the 1998/99 financial year. The purpose of the fund is to advance knowledge in fire prevention and fire management.

During 2000/01 the Commission identified the following research priorities:

- Identifying and influencing vulnerable groups, Maori and Pacific Island communities
- Strategies to make homes safer from fire
- Social and economic impact on communities of industrial and commercial fires
- Incidence and control of vehicle fires
- Incidence and control of vegetation fires in rural areas
- Fire protection in heritage buildings
- Lessening the impact of post-earthquake fire
- Profiling and motivating volunteers in the Fire Service
- Improving fire fighting and loss control tactics.

Expressions of interest for funding were sought in September 2000. As a result 11 projects received funding from the 2000/01 allocation.

### **University of Canterbury – Fire Engineering**

The Commission and the University of Canterbury have been associated since 1994 through the Commission funding of a lectureship in fire engineering. The lectureship aims to encourage masters programme graduates in fire engineering. The masters programme continues to generate innovative studies into fire behaviour in the New Zealand urban environment.

### **Fire Data and the Deprivation Index**

During the 1999/00 year the Fire Service's fire incident data from 1991 to 1998 was analysed and compared with the New Zealand 1991 and 1996 indices of social and economic deprivation. The analysis showed that people living in the most deprived areas are two and one half times more likely to have a fire and five times more likely to have a fatal fire than those living in the least deprived areas. In 2000/01 this research was used to target resources and fire safety education to communities most at-risk from fire.

### **Wildfire Threat Analysis**

The National Rural Fire Authority put in place the design and build phase of the wildfire threat analysis project. The project aims to deliver a systematic method of identifying the level of threat a particular area faces from wildfire. The level of wildfire threat is related to a combination of:

- ignition potential
- potential fire behaviour
- value of the property threatened.

A prototype method was developed and tested using pilot studies in Manukau City Council, DOC Canterbury and the Tokoroa rural fire district. Further work to validate and test the project is planned for early 2001/02 before the design and build phase is completed. The implementation of the project is planned for completion for the 2001/02 financial year.

### **Fire Investigations**

All major fires were investigated to determine the cause, the factors that impacted on the spread of the fire and the actions taken by people involved in the fire. The fire investigation results were used to develop fire safety education programmes for groups within the community most at-risk from fire. The cause of fire was determined in 88% of the 884 fire investigations carried out during the year.

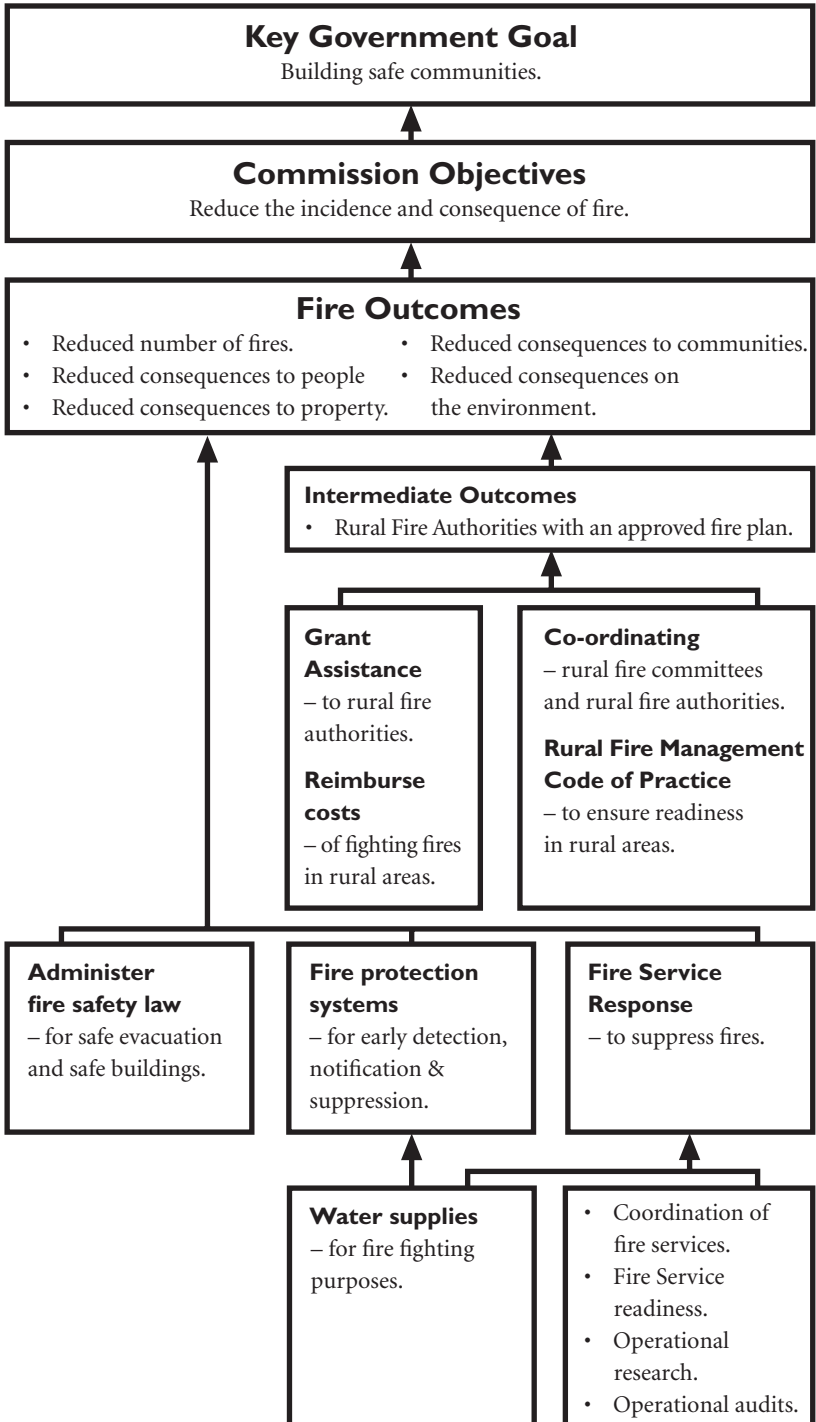
### **Fire Weather Monitoring**

Weather monitoring is an important tool for managing fire risk in rural areas. The fire weather information enables fire managers to assess the levels of preparedness and the resources needed to put the fires out and to keep fire losses to a minimum. The fire danger rating system measures the variable elements that cause day-to-day changes in fire risk. The information is used to:

- Define the fire season
- Determine the appropriate fire prevention measures
- Assess the likelihood of fire occurring
- Determine the fire fighting response and resources
- Inform the public
- Make decisions to close areas at high risk
- Issue or cancel burn permits
- Plan and conduct controlled burns.

During 2000/01 the National Rural Fire Authority provided fire weather information to all rural fire authorities, enabling them to maintain the fire danger rating system. Fire weather information was updated during the fire season by 3pm on 95% of days. In addition, the National Rural Fire Authority issued 44 fire danger notifications to the news media during the fire season. Advice was sent to the relevant news media by 3pm on all the days when the fire danger was very high or extreme.

# Fire Outcomes – Preparing for and Suppressing Fires





This section includes only one intermediate outcome. The majority of the Commission's outputs in the category "Preparing for and Suppressing Fires" relate directly to fire outcomes.

## **INTERMEDIATE OUTCOME**

Ninety-seven of the 102 rural fire authorities (95%) had an approved fire plan in place in accordance with the Rural Fire Management Code of Practice. These plans ensure that rural fire authorities have the necessary resources in place to respond to fire emergencies in rural areas.

## **COMMISSION OUTPUTS**

Reducing the consequences of fire requires effective actions both in preparing for, and in suppressing, an actual fire. Effective actions include installing automatic fire alarm and suppression systems, administering fire safety law covering public safety, and the direct intervention by fire suppression services providers.

Through the National Rural Fire Authority, the Commission helps to ensure an effective response to wildfires in rural areas by setting standards and monitoring rural fire authorities against them. The National Rural Fire Authority also provides financial assistance to rural fire authorities to maintain and enhance their response readiness and reimburse most of the costs associated with putting fires out.

### **Fire Suppression and Alarm Systems**

Part of the strategy to detect and suppress fires early is to encourage building owners to install automatic fire alarm and suppression systems. These systems ensure early notification of fires and provide an effective means of suppressing fires. The number of fire alarm systems connected to the Fire Service monitoring system increased by 624 to 16,142 this year. The greater number of monitored systems increased the number of responses to false alarms caused by faulty equipment. These false alarms occupy Fire Service resources that could be better used elsewhere. This year was the first year of the plan to reduce the number of avoidable false alarms by 30% over the next 5-years. During 2000/01 the number of false alarms per 100 monitored systems reduced by 3.6%.

The Fire Service also developed partnerships with building owners to improve the systems' reliability.

### **Administration of Building Legislation – Safe Evacuation and Safe Buildings**

The Commission administers two important areas of fire safety law relating to public safety in buildings. The first covers the approval and monitoring of evacuation schemes for public safety. The second involves identifying dangerous buildings and recommending to territorial authorities that they be closed.

Fire safety law relating to evacuation schemes is designed to ensure the public can evacuate safely from a building in the event of a fire. It also ensures the Fire Service can carry out fire fighting activities unobstructed. During 2000/01 the Fire Service maintained eight building registers listing buildings which required an evacuation scheme or had the potential to require one. The building registers enable the Fire Service to track each building and ensure the building has an operable evacuation scheme where required. At the end of June 2000, approximately 71,000 buildings were on building registers.

Building owners carry out regular trial evacuations to ensure evacuation schemes remain operable. In 2000/01 the Fire Service attended over 4,464 of these trial evacuations of which 94% met the requirements of the approved scheme. The Fire Service worked with building owners to improve evacuation procedures where schemes did not meet the requirements.

Fire safety law relating to buildings considered dangerous because they are a fire hazard is designed to ensure the public is not exposed to unacceptable fire risk in buildings. The fire safety law is administered jointly by the Fire Service and territorial authorities. The Fire Service recommends territorial authorities close or make safe any building that represents a fire danger to the public. Territorial authorities have the jurisdiction to enforce the legislation. In 2000/01 the Fire Service identified 38 dangerous buildings all of which were either closed or made safe.

### **Fire Service Response**

The Fire Service responded to 64,407 emergency incidents during the 2000/01 year. The following table provides a breakdown of the incidents.

	2000/01	1999/00
Fires	21,199	20,358
Hazardous emergencies	2,481	2,448
Medical emergencies	3,250	2,515
Motor vehicle incidents (excluding fires)	4,774	5,467
False alarms	27,445	24,548
Other emergencies	5,258	4,529
<b>Total</b>	<b>64,407</b>	<b>59,865</b>

### **Operational Readiness**

The Fire Service verifies its own state of readiness by conducting operational readiness audits. Fire Service operational readiness is continually being improved by research into better fire responses and by putting in place improvements identified in post-incident operations investigations. Operational readiness also relies on:

- Territorial authorities to ensure the availability of adequate water supplies for fire fighting and fire suppression systems
- Co-ordination schemes to ensure the effective co-operation between providers of fire suppression services

### **Water Supplies**

The successful functioning of water supply systems for fire fighting requires close working partnerships between the Fire Service, the fire protection industry, the water industry and territorial authorities.

Consultation with all interested parties on a revised code of practice for water supply was carried out during 2000/01. The consultation generated wide interest resulting in over 700 submissions. The revised code of practice for water supply will be finalised and published during 2001/02 after a further consultation round.

### **Co-ordination of Fire Services**

Co-ordination schemes between the Fire Service and other providers of fire suppression services were in place during the year. In particular, national co-ordination schemes were in place with New Zealand Defence and the Department of Conservation. These schemes are being reviewed and will be updated during 2001/02.

### **Fire Service Readiness**

Staff training and the maintenance of equipment are critical in ensuring the Fire Service can respond effectively to emergencies. During 2000/01 a 5-year staff-training strategy was developed for implementation during 2001/02. Other planning activities included the review and development of tactical and risk plans. A tactical plan provides information for managing tactics and resources for incidents involving a significant specific risk. A risk plan details fire risk information for individual properties to ensure the Fire Service is familiar with the property's layout and facilities. During 2000/01 more than 2,326 tactical or risk plans were reviewed and updated.

### **Operational Research**

The Northland fire region is the focal point for Fire Service field research and development. During 2000/01, the region carried out or co-ordinated projects covering:

- The trial and implementation of the community risk management process.
- Methods for putting fires out
- Access to information and data in the field
- Fire ground communications
- The trial and evaluation of fire fighting plant and equipment.

**Post-Incident Operations Investigations**

Post-incident operations investigations are conducted to improve the Fire Service's level of response. The investigations highlight examples of best practice and identify where the Fire Service can improve its performance. Twenty-two post-incident operations investigations were completed during the year.

**Ensuring an Effective Response in Rural Areas****Rural Fire Authorities and Regional Rural Fire Committees**

The National Rural Fire Authority (NRFA) is charged with maintaining an administrative infrastructure to support firefighting services in rural areas. During 2000/01, 14 regional rural fire committees were in place. The NRFA provided support to these committees through the rural fire managers and the national rural fire officer. The majority (82%) of members of these committees indicated they were satisfied with the administrative support they received.

The NRFA is charged under section 4 of the Forest and Rural Fires Act with establishing, amending or revoking rural fire districts. During the year Whanganui-Manawatu and Wellington Regional Council rural fire districts were revoked, Timberlands rural fire district was amended and Thames Valley rural fire district was established. This continues the trend of ensuring value for money in rural firefighting through sharing resources and merging rural fire authorities.

**Management Code of Practice**

The NRFA carried out audits against the Rural Fire Management Code of Practice to ensure that rural fire authorities maintained an effective level of operational capability. The code sets out the required standards and procedures that each Rural Fire Authority must maintain. The National Rural Fire Authority carried out 19 audits and 9 re-audits during the year. The rural fire authorities accepted the resulting reports within the two-month period following the audit.

**Grant Assistance**

The NRFA administers a grant assistance scheme to help rural fire authorities achieve the required level of operational readiness. During 2000/01, 44 applications for grant assistance were actioned. Processing of the applications for grant assistance was completed in accordance with the Rural Fire Management Code of Practice.

**Rural Fire Fighting Fund**

The National Rural Fire Authority administers the rural fire fighting fund. The Fund reimburses rural fire authorities for the majority of the expenses relating to putting out wildfires. Some 85 claims were received and actioned during 2000/01. All the claims processed were accepted without the need for to mediation.

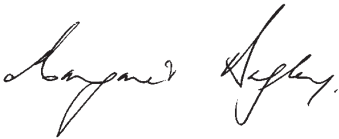
# Statement of Responsibility

*for the year ended 30 June 2001*

Pursuant to section 42 of the Public Finance Act 1989, the New Zealand Fire Service Commission and management of the New Zealand Fire Service accepts responsibility for:

- The preparation of the financial statements and the judgements used therein.
- The establishment and maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the New Zealand Fire Service Commission and management of the New Zealand Fire Service, the financial statements for the year ended 30 June 2001 set out on pages 30 to 83 fairly reflect the financial position and operations of the New Zealand Fire Service Commission.



**Dame Margaret Bazley, DNZM**

Chairperson

24 October 2001



**Mike Hall**

Chief Executive

24 October 2001



# Report of the Audit Office

## **To the readers of the financial statements of the New Zealand Fire Service Commission for the year ended 30 June 2001.**

We have audited the financial statements on pages 30 to 83. The financial statements provide information about the past financial and service performance of the New Zealand Fire Service Commission and its financial position as at 30 June 2001. This information is stated in accordance with the accounting policies set out on pages 30 to 34.

### **Responsibilities of the New Zealand Fire Service Commission**

The Public Finance Act 1989 and the Fire Service Act 1975 require the New Zealand Fire Service Commission to prepare financial statements in accordance with generally accepted accounting practice which fairly reflect the financial position of the New Zealand Fire Service Commission as at 30 June 2001, the results of its operations and cash flows and the service performance achievements for the year ended 30 June 2001.

### **Auditor's responsibilities**

Section 43(1) of the Public Finance Act 1989 requires the Audit Office to audit the financial statements presented by the New Zealand Fire Service Commission. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed E M Mason, of Audit New Zealand, to undertake the audit.

### **Basis of opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the New Zealand Fire Service Commission in the preparation of the financial statements and
- whether the accounting policies are appropriate to the New Zealand Fire Service Commission's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide

us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have performed assurance related assignments for the New Zealand Fire Service Commission involving a review of brigade grants, the implementation of the new FMIS and the Commission's contribution to the superannuation scheme.

Other than these assignments and in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in the New Zealand Fire Service Commission.

**Unqualified opinion**

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the New Zealand Fire Service Commission on pages 30 to 83:

- comply with generally accepted accounting practice and
- fairly reflect:
  - the financial position as at 30 June 2001
  - the results of its operations and cash flows for the year ended on that date and
  - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 20 October 2001 and our unqualified opinion is expressed as at that date.



**E M Mason**

Audit New Zealand

On behalf of the Controller and Auditor-General

Wellington, New Zealand

# Statement of Accounting Policies

*for the year ended 30 June 2001*

## **REPORTING ENTITY**

These are the financial statements of the New Zealand Fire Service Commission (the Fire Service and the Commission), a Crown entity under the Public Finance Act 1989 and a body constituted under Section 4 of the Fire Service Act 1975. These financial statements have been prepared in accordance with these Acts.

## **MEASUREMENT BASE**

The accounting principles recognised as appropriate for the measurement and reporting of financial performance, cash flows and financial position on a historical cost basis, modified by the revaluation of certain assets, have been applied in the preparation of these financial statements.

## **CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those used in the previous year.

## **ACCOUNTING POLICIES**

The following accounting policies, which materially affect the measurement of financial performance and financial position, have been applied:

### **Budget**

The budget figures are those presented in the estimates and approved by the Minister of Internal Affairs.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Commission for the preparation of the financial statements.

### **Revenue recognition**

Insurance levies are mainly based on the indemnity value of the property or the amount for which the property is insured against fire, as set out in sections 48 to 53A of the Fire Service Act 1975. Section 48(12) of the Fire Service Act 1975 deems this to be revenue of the Fire Service upon receipt, therefore insurance levies are recognised on a cash basis.



The levy revenue recognised in the statement of financial performance is set at the level required to cover the actual net expenditure of the Commission, in accordance with section 47 of the Fire Service Act 1975. Any shortfall or excess is recognised as an asset or liability in the statement of financial position.

The revenue recognised in the statement of financial performance includes all revenue from operating and special fund sources. Special funds have been set up in accordance with the Fire Service Act 1975 to finance activities related to special purposes.

### **Donated services**

The operations of the Fire Service are dependent on the services provided by volunteer firefighters. Their contributions are essential for enabling the Fire Service to provide a comprehensive, efficient and effective service throughout New Zealand. Because of the difficulty of determining their value with reliability, donated services are not recognised in these financial statements.

### **Investments**

Investments are valued at the lower of cost or net realisable value.

### **Accounts receivable**

Accounts receivable are stated at net realisable value after providing for doubtful debts.

### **Inventories**

Inventories are valued at the lower of weighted-average cost or net realisable value.

### **Fixed assets**

Fixed assets are recorded at historical cost, except for land and buildings, which are stated at net current value, as determined by an independent registered valuer. Net current value is the price for which an asset might reasonably be expected to be sold, less the costs of disposal that could reasonably be anticipated. The valuation of land and buildings is on a three-year cyclical basis. Additions to land and buildings between revaluations are recorded at cost.

The results of revaluations of land and buildings are credited or debited to the revaluation reserve.

Individual fire brigades have independently acquired or received additional fixed assets, largely through fundraising and donations from local communities. While these assets are available for use in general operation, they are not considered to be “controlled” by the Fire Service as defined under the Statement of Concepts for General Purpose Financial Reporting. For this reason, such assets are not included in the statement of financial position.

## Depreciation

Fixed assets, other than land, are depreciated on a straight-line basis at rates estimated to write off the cost (or revaluation), less the residual value, over their useful life. At each revaluation of a building a reassessment is made of that particular asset's useful life. The useful lives and associated depreciation rates of major classes of assets are:

Buildings . . . . .	50-80 years
Fire appliances . . . . .	15 years
Motor vehicles . . . . .	5 years
Communications equipment . . . . .	5 years
SITE . . . . .	10 years
Plant and equipment . . . . .	4-10 years
Furniture and fittings . . . . .	5 years
EDP equipment . . . . .	4 years
Leasehold improvements . . . . .	Life of lease
Leased assets . . . . .	Life of lease

Capital work in progress is not depreciated. The total cost of a project is transferred to the fixed asset class on its completion and then depreciated.

## Employee and volunteer entitlements

Provision is made in respect of the Fire Service's liability for annual leave, long service leave and gratuities. Annual leave has been calculated on an entitlement basis at current remuneration rates. Long service leave and gratuities have been calculated on an actuarial basis. The actuarial basis recognises the liability attributable to employees' services already rendered, and the liability is measured using expected future cash outflows discounted to present value.

## Debt

Debt in the form of local authority stock has been recorded at cost.

## Foreign currency

Foreign currency transactions are converted at the New Zealand dollar exchange rate at the date of the transaction. Where a forward exchange contract has been entered into, the forward exchange rate is used to convert the transaction into New Zealand dollars. Consequently, no gain or loss resulting from the difference between the forward exchange contract rate and the settlement date spot rate is recognised.

Monetary assets and liabilities held in foreign currencies are translated at the closing mid-point exchange rate at balance date and the resulting unrealised gain or loss is recognised in the statement of financial performance.

## **Financial instruments**

The Fire Service is party to financial instruments as part of its normal operations. These instruments include bank accounts, investments, accounts receivable, accounts payable and debt. All these financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to these financial instruments are recognised in the statement of financial performance.

The Fire Service uses foreign exchange forward contracts to manage its foreign currency exposure in relation to the purchase of fixed assets. All costs relating to these financial instruments are capitalised.

## **Goods and Services Tax (GST)**

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable, which are stated with GST included.

## **Taxation**

The Fire Service is exempt from the payment of income tax in accordance with both the Income Tax Act 1994 and the Fire Service Act 1975.

## **Finance Leases**

Leases which effectively transfer to the Fire Service substantially all the risks and benefits incident to ownership of the leased item are classified as finance leases. These leases are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the statement of financial position. The leased assets are depreciated over the period the Fire Service is expected to benefit from their use.

## **Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

## **Commitments**

Future expenses and liabilities are disclosed as commitments at the point at which a contractual obligation arises, to the extent that they are equally unperformed obligations.

Commitments relating to employment contracts are not disclosed.

## **Contingent liabilities**

Contingent liabilities are disclosed at the point at which the contingency becomes evident.

**Statement of cash flows**

1. Cash is defined as notes and coins, current bank balances and investments that can be converted to cash within two days.
2. Operating activities include cash received from all income sources and records the cash payments made for the supply of goods and services.
3. Investing activities are those activities relating to the acquisition and disposal of non-current assets.
4. Financing activities are those activities that result in changes to equity or debt.

**Output costing**

The total cost of outputs is total expenditure less interest income and other revenue earned by the Commission. It excludes fund income and expenditure.

Direct costs are those costs directly attributed to an output.

Indirect costs include all costs other than direct costs.

The Fire Service has derived the cost of outputs using the following cost allocation system:

1. Direct costs are directly charged to outputs.
2. Indirect costs relating to output delivery, administration and financing costs are allocated to the Operational Readiness output.
3. Allocations are made from Operational Readiness to other outputs using incident, personnel and time factor bases. The incident, personnel and time factors are derived from the Fire Incident Reporting System (FIRS) operated by the Fire Service. Changes in the level of incidents and activities have the effect of varying the relative cost allocation between outputs.

# Statement Specifying Financial Performance

for the year ended 30 June 2001

The Commission agreed the following financial targets with the Minister at the beginning of the year:

	Actual \$000	Target \$000
Total operating expenditure	202,859	213,099
Capital expenditure	17,645	28,300
Debt	36,424	86,681

The following provides explanations of significant variances between actual performance and target:

## Net Expenditure Variance

The net operating expenditure of the NZ Fire Service is funded solely from the proceeds of the Fire Service levy (or from short term bank borrowings if levy proceeds are insufficient to meet net expenditure). Fire Service net operating expenditure required to be funded from the levy was less than anticipated at the commencement of the year for the following reasons:

- Personnel Expenditure was \$10.0m less than budget
- Other income (false alarm charges, rural fire recoveries and good corporate citizen contributions was \$4.0m more than budgeted).

	Actual \$000	Target \$000
Net Expenditure	196,974	207,689

## Personnel Expenditure Variance

At the commencement of the year a lump sum was provided in the personnel budget to cover the direct, indirect and associated costs of settling a new collective employment agreement with the majority of the Fire Service's paid firefighters. Full agreement was reached on 29 June 2001, one day before the end of the financial year. The terms of the agreement provided for a wage and salary increase backdated to the start of the financial year. Accordingly, the only costs of settlement that came to charge in the financial year were backdated wage and salary costs and directly related costs such as ACC and superannuation provisions.

	Actual \$000	Target \$000
Personnel Expenditure	134,065	144,952

### Capital Expenditure Variance

During the course of the year the Commission approved a new risk based methodology for determining the optimal location for fire stations. This followed extensive modeling of all metropolitan and provincial city fire calls, consultation with stakeholders such as the NZ Professional Firefighters Union and the United Fire Brigades Association and a pilot trial in Auckland. The consultation process required an extended time period, which in turn delayed the commencement of the capital works programme for major station replacements. The balance of the work programme has been incorporated in 2001/2002 year with a programme going forward for the next five years.

	Actual \$000	Target \$000
Capital Expenditure	17,645	28,300

### Levy Proceeds Variance

Levy receipts were \$16.0m higher than anticipated at the commencement of the financial year. Three principal factors contributed to this positive variance:

- Pursuant to sections 48(4) and (5) of the Fire Service Act 1975 the Minister reviewed the rate of levy in September 2000 and, having regard to the shortfall in levy proceeds, increased the rate of levy with effect from February 2001. The increase in the rate of levy generated an extra \$6.0m of levy receipts.
- A declining trend in levy proceeds evident in the latter part of the preceding financial year (on which the forecast for this year's receipts were based) subsequently reversed.
- A statutory declaration exercise undertaken pursuant to section 51A of the Fire Service Act 1975 generated \$1.3m in additional levy and penalty charges. Firm application of the late payment provisions of the Act generated a further \$0.9m.

	Actual \$000	Target \$000
Levy Proceeds	190,097	174,170

### Debt Variance

The year-end debt position was favourable to budget. NZ Fire Service Commission total debt is comprised of two elements:

- **Levy shortfall debt:** In the event levy proceeds are insufficient to meet net expenditure (as was the case in 1999/00 and 2000/01) section 59 (2) of the Fire Service Act 1975 authorises the Commission to borrow money from its bankers for the purpose of covering the shortfall.

- **Capital expenditure debt:** Where in any year capital expenditure exceeds the amount of depreciation charged to net expenditure, the excess capital expenditure must be funded from debt.

On the basis of budgeted net expenditure, budgeted capital expenditure and forecast levy income debt was calculated to increase from the opening position of \$45.355m to \$86.681m at year-end. The Commission considered this level of debt imprudent. Strenuous efforts across all areas of Fire Service operations contributed to the favourable outcome. The following provides a reconciliation of the positive variance.

	<u>\$000</u>
<b>Calculated Year End Debt</b>	<b>86,681</b>
Net Expenditure Variance	(10,715)
Capital Expenditure Variance	(10,655)
Cash Timing	(12,960)
Levy Proceeds Variance	(15,927)
<b>Actual Year End Debt</b>	<b>36,424</b>

# Statement of Financial Performance

for the year ended 30 June 2001

	Note	Actual 2001 \$000	Budget 2001 \$000	Actual 2000 \$000
<b>Operating Revenue</b>				
Levy funding of Fire Service operations	6	196,974	207,689	185,423
Interest		0	0	833
Other revenue	1	9,488	5,410	8,242
<b>Total operating revenue</b>		<b>206,462</b>	<b>213,099</b>	<b>194,498</b>
<b>Operating Expenditure</b>				
Personnel expenditure	2	134,065	144,952	127,362
Other expenditure	3	68,794	68,147	65,607
<b>Total operating expenditure</b>		<b>202,859</b>	<b>213,099</b>	<b>192,969</b>
<b>Net surplus</b>	4	<b>3,603</b>	<b>0</b>	<b>1,529</b>

# Statement of Movements in Equity

for the year ended 30 June 2001

	Note	Actual 2001 \$000	Budget 2001 \$000	Actual 2000 \$000
<b>Equity at beginning of year</b>		<b>182,523</b>	<b>182,523</b>	<b>181,308</b>
Net surplus	4	3,603	0	1,529
Net decrease in revaluation reserve	13	0	0	(314)
<b>Total recognised revenue and expenditure for the period</b>		<b>3,603</b>	<b>0</b>	<b>1,215</b>
<b>Equity at end of year</b>		<b>186,126</b>	<b>182,523</b>	<b>182,523</b>

*The statement of accounting policies and the accompanying notes form an integral part of these financial statements.*



# Statement of Financial Position

as at 30 June 2001

	Note	Actual 2001 \$000	Budget 2001 \$000	Actual 2000 \$000
<b>Current assets</b>				
Cash		27	0	0
Levy shortfall	6	14,287	40,929	7,410
Other current assets	7	3,401	3,211	3,211
<b>Total current assets</b>		<b>17,715</b>	<b>44,140</b>	<b>10,621</b>
<b>Non-current assets</b>				
Fixed assets	8	267,460	276,709	268,924
<b>Total non-current assets</b>		<b>267,460</b>	<b>276,709</b>	<b>268,924</b>
<b>Total assets</b>		<b>285,175</b>	<b>320,849</b>	<b>279,545</b>
<b>Current liabilities</b>				
Bank overdraft	9	0	0	5
Employee and volunteer entitlements	10	14,106	5,445	6,474
Current portion of debt	11	23,860	74,081	37,600
Unamortised gain on sale and leaseback		4,025	0	0
Other current liabilities		15,163	17,500	17,480
<b>Total current liabilities</b>		<b>57,154</b>	<b>97,026</b>	<b>61,559</b>
<b>Non-current liabilities</b>				
Employee and volunteer entitlements	10	29,331	28,700	27,708
Term debt	11	12,564	12,600	7,755
<b>Total non-current liabilities</b>		<b>41,895</b>	<b>41,300</b>	<b>35,463</b>
<b>Total liabilities</b>		<b>99,049</b>	<b>138,326</b>	<b>97,022</b>
<b>Equity</b>				
Equity and funds	12	106,662	102,523	102,540
Revaluation reserve	13	79,464	80,000	79,983
<b>Total equity</b>		<b>186,126</b>	<b>182,523</b>	<b>182,523</b>
<b>Total liabilities and equity</b>		<b>285,175</b>	<b>320,849</b>	<b>279,545</b>

*The statement of accounting policies and the accompanying notes form an integral part of these financial statements.*

# Statement of Cashflows

for the year ended 30 June 2001

	Note	Actual 2001 \$000	Budget 2001 \$000	Actual 2000 \$000
<b>Cash flows from operating activities</b>				
Cash was provided from:				
Levy	6	190,097	174,170	144,209
Interest		0	0	881
Other revenue		8,352	5,410	6,390
Net GST received/(paid)		(642)	0	1,856
		<b>197,807</b>	<b>179,580</b>	<b>153,336</b>
Cash was disbursed to:				
Employees		(125,124)	(144,952)	(125,895)
Suppliers		(45,048)	(44,719)	(46,371)
Interest		(2,215)	(4,937)	(2,941)
		<b>(172,387)</b>	<b>(194,608)</b>	<b>(175,207)</b>
<b>Net cash flows from operating activities</b>	<b>5</b>	<b>25,420</b>	<b>(15,028)</b>	<b>(21,871)</b>
<b>Cash flows from investing activities</b>				
Cash was provided from:				
Disposal of fixed assets		18,602	2,000	13,643
Cash was disbursed to:				
Purchase of fixed assets		(18,302)	(28,300)	(17,425)
<b>Net cash flows from investing activities</b>		<b>300</b>	<b>(26,300)</b>	<b>(3,782)</b>
<b>Cash flows from financing activities</b>				
Cash was provided from:				
Borrowing debt		0	41,328	10,655
Cash was disbursed to:				
Repayment of debt		(19,045)	0	0
Sale and leaseback of assets		(6,643)	0	0
<b>Net cash flows from financing activities</b>		<b>(25,688)</b>	<b>41,328</b>	<b>10,655</b>
<b>Net decrease in cash and investments and increase in bank overdraft</b>		<b>32</b>	<b>0</b>	<b>(14,998)</b>
<b>Add cash/(bank overdraft) at beginning of year</b>		<b>(5)</b>	<b>0</b>	<b>14,993</b>
<b>Cash/(bank overdraft) at end of year</b>		<b>27</b>	<b>0</b>	<b>(5)</b>

*The statement of accounting policies and the accompanying notes form an integral part of these financial statements.*

# Statement of Commitments

as at 30 June 2001

	Actual 2001 \$000	Actual 2000 \$000
<b>Capital commitments</b>	<b>10,739</b>	<b>4,890</b>
<b>Operating lease commitments</b>		
Not later than one year	6,480	2,514
Later than one year and not later than two years	3,659	1,648
Later than two years and not later than five years	3,451	2,384
Later than five years	2,345	99
<b>Total operating lease commitments</b>	<b>15,935</b>	<b>6,645</b>
<b>Total commitments</b>	<b>26,674</b>	<b>11,535</b>

Capital commitments relate to firm orders placed before the end of year. The majority of these are contracts for fire appliances and computer system implementation. Commercial penalties exist for the cancellation of these contracts.

Operating lease commitments include lease payments for motor vehicles, office premises, computer equipment and office equipment.

# Statement of Contingent Liabilities

as at 30 June 2001

	Actual 2001 \$000	Actual 2000 \$000
Personal grievances	897	46
Legal proceedings	50	500
<b>Total contingent liabilities</b>	<b>947</b>	<b>546</b>

# Notes to the Financial Statements

for the year ended 30 June 2001

## Note 1 – Other Revenue

	Actual 2001 \$000	Actual 2000 \$000
Commercial services	297	443
Private fire alarms revenue	1,853	2,007
Rural fire fighting contributions	1,178	335
False alarms	1,095	545
Rents	600	737
Contributions	1,481	996
Gain on disposal of fixed assets	131	713
Amortisation of gain on sale and leaseback	1,073	0
Miscellaneous revenue	1,780	2,466
<b>Total other revenue</b>	<b>9,488</b>	<b>8,242</b>

Contributions of \$1.481m (2000 \$0.996m) were received from “good corporate citizens”. These are entities that do not insure major property portfolios and therefore have no liability for Fire Service levy payments.

## Note 2 – Personnel Expenditure

	Actual 2001 \$000	Actual 2000 \$000
Salaries and wages	109,093	103,664
Superannuation subsidy	9,442	8,794
ACC	1,932	4,506
Volunteers	4,150	4,118
Other personnel expenditure	9,448	6,280
<b>Total personnel expenditure</b>	<b>134,065</b>	<b>127,362</b>

In June 2001 approximately \$8.4m of salaries and wages, superannuation subsidy, gratuities and leave entitlements were accrued for the financial impact of the D1 firefighter contract settlement. The monies were primarily paid out in July 2001.

**Note 3 – Other Expenditure**

	Actual 2001 \$000	Actual 2000 \$000
Remuneration of auditors – audit fees	150	150
Remuneration of auditors – other services	16	23
Fees paid to Commissioners	102	85
Depreciation	22,218	18,328
Fixed asset write-offs	635	1,034
Loss on disposal of fixed assets	221	151
Increase in provision for doubtful debts	59	91
Interest	2,154	2,943
Rental expense on operating leases	2,870	2,575
Occupancy	7,152	7,244
Fleet	7,450	7,045
Supplies and consumables	4,341	4,668
Communications	6,045	4,898
Publicity and advertising	2,830	3,319
Other	12,551	13,053
<b>Total other expenditure</b>	<b>68,794</b>	<b>65,607</b>

**Note 4 – Net Surplus/(Deficit)**

The Fire Service operations are totally funded from levy receipts (or from short term bank borrowings if levy proceeds are insufficient to meet net expenditure) and produce no surplus or deficit. However, the Fire Service has a number of special funds. Movements in these funds produced the following net surplus/(deficit) for the period.

	Revenue 2001 \$000	Expenditure 2001 \$000	Net surplus /(deficit) 2001 \$000	Net surplus /(deficit) 2000 \$000
ACC Partnership Fluctuation Fund	2,044	0	2,044	0
Contestable Research Fund	550	(476)	74	138
Loss of Medical (Residual) Fund	4	0	4	4
Rural Fire Fighting Fund	2,178	(602)	1,576	1,431
Volunteer Needs Fund (44)	0	(95)	(95)	
<b>Total</b>	<b>4,776</b>	<b>(1,173)</b>	<b>3,603</b>	<b>1,529</b>

The Rural Fire Fighting Fund revenue includes levy funding of \$1.0m (2000 \$2.0m).

**Note 5 – Reconciliation of Net Surplus/(Deficit) with the Net Cash Flows from Operating Surplus**

	2001 \$000	2000 \$000
<b>Net surplus</b>	<b>3,603</b>	<b>1,529</b>
<b>Add/(less) non-cash items:</b>		
Depreciation	22,218	18,328
Increase provision for doubtful debts	59	91
Loss/(gain) on disposal of fixed assets	90	(562)
Amortisation of gain on sale and leaseback	(1,073)	0
Fixed asset write-offs	635	1,034
Increase provision for non-current employee and volunteer entitlements	1,623	923
<b>Total non-cash items</b>	<b>23,552</b>	<b>19,814</b>
<b>Add/(less) movements in working capital:</b>		
Decrease in accounts payable and accruals	(2,240)	(3,663)
Increase in current employee and volunteer entitlements	7,632	961
Decrease in levy in advance	(6,877)	(41,214)
(Increase)/decrease in other current assets	(250)	702
<b>Net movements in working capital</b>	<b>(1,735)</b>	<b>(43,214)</b>
<b>Net cash flows from operating activities</b>	<b>25,420</b>	<b>(21,871)</b>

**Note 6 – Levy Shortfall**

	2001 \$000	2000 \$000
Levy shortfall/(levy in advance) at beginning of year	7,410	(33,804)
Levy contribution collected	(190,097)	(144,209)
<b>Levy contribution available for operations</b>	<b>(182,687)</b>	<b>(178,013)</b>
Funding of Fire Service net operating expenditure	195,974	183,423
Funding of Rural Fire Fighting Fund	1,000	2,000
<b>Levy required to fund operations</b>	<b>196,974</b>	<b>185,423</b>
<b>Levy shortfall at end of year</b>	<b>14,287</b>	<b>7,410</b>

Section 47 of the Fire Service Act 1975 states that where in any financial year the levy income is less than the actual net expenditure of the Commission, that shortfall is deemed to be a shortfall in the payment of levy and must be taken into account when the rate of the levy is next reviewed.

The rate of levy was increased from 6.2 cents to 7.3 cents per \$100 of insured value to take effect from 1 March 2001.

**Note 7 – Other Current Assets**

	2001 \$000	2000 \$000
Accounts receivable	2,817	2,357
Less provision for doubtful debts	(176)	(145)
	2,641	2,212
Prepayments	760	791
Inventories	0	208
<b>Total other current assets</b>	<b>3,401</b>	<b>3,211</b>

**Note 8 –Fixed Assets**

	Cost	Valuation	Accumulated Depreciation	Net Book Value
	2001	2001	2001	2001
	\$000	\$000	\$000	\$000
Land	115	49,669	0	49,784
Buildings	7,644	107,020	3,283	111,381
Fire appliances	144,586	0	89,374	55,212
Motor vehicles	1,959	0	982	977
Communications equipment	7,576	0	5,388	2,188
SITE	17,904	0	5,491	12,413
Plant and equipment	10,005	0	6,858	3,147
Furniture and fittings	3,908	0	2,822	1,086
EDP equipment	8,410	0	4,057	4,353
Leasehold improvements	1,362	0	290	1,072
Leased assets:				
Communications equipment	5,565	0	1,854	3,711
Plant and equipment	17,475	0	3,864	13,611
EDP equipment	3,682	0	1,131	2,551
Work in progress	5,974	0	0	5,974
<b>Total fixed assets</b>	<b>236,165</b>	<b>156,689</b>	<b>125,394</b>	<b>267,460</b>

Land and buildings were revalued at net current value by Quotable Value New Zealand, members of the New Zealand Institute of Valuers, as at 30 June 1999. All land and buildings for disposal are subject to a consultative clearance process set up for the settlement of Maori land claims.

The Shared Information Technology Environment (SITE) asset is the systems and technology platform that supports the business processes of receiving emergency calls and dispatching resources to those calls. These systems use the Intergraph Public Safety Ltd I/CAD software, Land Mobile Radio (LMR) network and associated telecommunications infrastructures, and are physically located in three co-located communication centres. The radios and pagers have been capitalised as communications equipment.

The Fire Service shares SITE with the New Zealand Police. The value capitalised reflects the Fire Service's proportional ownership of the SITE asset.



The most significant work in progress items are the construction of new appliances \$1.9m and land and buildings \$2.9m (2000 appliances \$4.2m).

The Fire Service has no proprietary interest in the leased assets and cannot dispose of them.

	Cost	Valuation	Accumulated Depreciation	Net Book Value
	2000	2000	2000	2000
	\$000	\$000	\$000	\$000
Land	109	51,146	0	51,255
Buildings	2,400	109,546	1,525	110,421
Fire appliances	142,044	0	82,998	59,046
Motor vehicles	2,454	0	1,731	723
Communications equipment	6,208	0	5,318	890
SITE	17,904	0	3,532	14,372
Plant and equipment	26,599	0	15,105	11,494
Furniture and fittings	3,859	0	2,866	993
EDP equipment	4,697	0	3,839	858
Leasehold improvements	1,469	0	937	532
Leased assets:				
Communications equipment	5,584	0	0	5,584
Plant and equipment	1,532	0	0	1,532
EDP equipment	2,884	0	0	2,884
Work in progress	8,340	0	0	8,340
<b>Total fixed assets</b>	<b>226,083</b>	<b>160,692</b>	<b>117,851</b>	<b>268,924</b>

### Note 9 – Bank Overdraft

The bank overdraft facility available totals \$0.25m and is unsecured. The current interest rate on the bank overdraft is 9.75% per annum (2000 10.25%). This is a floating rate set by the bank.

In addition, the organisation has committed and uncommitted lending facilities available to it from financial institutions.

**Note 10 – Employee and Volunteer Entitlements**

	2001 \$000	2000 \$000
<b>Current employee and volunteer entitlements</b>		
Accrued salaries and wages	8,471	1,957
Provision for annual leave	4,092	3,360
Provision for long service leave and gratuities	1,543	1,157
<b>Total current employee and volunteer entitlements</b>	<b>14,106</b>	<b>6,474</b>
<b>Non-current employee and volunteer entitlements</b>		
Provision for long service leave and gratuities	29,331	27,708
<b>Total non-current employee and volunteer entitlements</b>	<b>29,331</b>	<b>27,708</b>

**Note 11 – Debt**

	2001 \$000	2000 \$000
Debt balances are comprised of the following:		
Levy shortfall debt	6	14,287
Capital Expenditure debt		7,410
		22,137
		37,945
		<b>36,424</b>
		<b>45,355</b>
<b>(a) Current</b>		
Finance lease liabilities		8,550
Unsecured debt		3,245
		15,310
		34,355
		<b>23,860</b>
		<b>37,600</b>
<b>(b) Non-Current</b>		
Finance lease liabilities		11,564
Unsecured debt		6,755
		1,000
		1,000
		<b>12,564</b>
		<b>7,755</b>
<b>Analysis of finance lease liabilities</b>		
Payable no later than 1 year		8,958
1-2 years		3,445
2-5 years		8,958
		2,757
		3,445
		20,673
Future finance charges		10,335
(335)		(559)
		<b>20,114</b>
		<b>10,000</b>

The effective interest rate on the finance leases is 3.0% (2000 2.7%). The finance leases are secured over the assets to which they relate as identified in the fixed asset note above.

	2001 \$000	2000 \$000
<b>Repayment terms of unsecured debt</b>		
Payable no later than 1 year	15,310	34,355
1-2 years	0	1,000
2-5 years	1,000	0
	<u>16,310</u>	<u>35,355</u>

The weighted average interest rate on unsecured debt is 6.5% (2000 7.3%). Current unsecured debt is mainly comprised of money market deposits while term comprises unsecured local authority stock. Local authority stock interest rates are fixed for their term, whilst money market deposits attract on-call interest rates.

## Note 12 – Equity and Funds

	Balance at beginning of year 2001 \$000	Net surplus/ (deficit) (note 4) \$000	Revaluation realised on disposal (note 13) \$000	Net sale proceeds/ capital expenditure \$000	Balance at end of year 2001 \$000
Fire Service equity	99,167	0	519	0	99,686
ACC Partnership Fluctuation Fund	0	2,044	0	0	2,044
Contestable Research Fund	552	74	0	0	626
Loss of Medical (Residual) Fund	165	4	0	0	169
Rural Fire Fighting Fund	2,258	1,576	0	0	3,834
Volunteer Needs Fund	398	(95)	0	0	303
<b>Total</b>	<u>102,540</u>	<u>3,603</u>	<u>519</u>	<u>0</u>	<u>106,662</u>

	Balance at beginning of year 2000 \$000	Net surplus/ (deficit) (note 4) \$000	Revaluation realised on disposal (note 13) \$000	Net sale proceeds/ capital expenditure \$000	Balance at end of year 2000 \$000
Fire Service equity	98,263	0	524	380	99,167
Reserve Fund	380	0	0	(380)	0
Contestable Research Fund	414	138	0	0	552
Loss of Medical (Residual) Fund	161	4	0	0	165
Rural Fire Fighting Fund	827	1,431	0	0	2,258
Volunteer Needs Fund	442	(44)	0	0	398
<b>Total</b>	<b>100,487</b>	<b>1,529</b>	<b>524</b>	<b>0</b>	<b>102,540</b>

The Reserve Fund was established under section 58 of the Fire Service Act 1975. The proceeds from the sale of land and buildings are credited to the Reserve Fund. The Commission applies money in the Fund for capital expenditure as allowed for in the approved estimates of expenditure. The balance at the beginning of the previous year represents unapplied receipts from asset sales in prior years. These receipts were applied to capital expenditure in the year ended 30 June 2000.

The ACC Partnership Fluctuation Fund was established in 2001 under section 58A of the Fire Service Act 1975. The purpose of the fund is to pay for any claim in excess of the annual amount budgeted prior to stop loss cover taking place and to allow for payments to be made to the Accident Compensation Commission (ACC) (or body established to undertake the functions currently performed by the ACC) upon transfer of open claims at the end of the five year period.

The Contestable Research Fund was established in 1999 under section 58A of the Fire Service Act 1975, and is funded by an annual allocation from the Commission's operating funds. Money from this Fund is available on a contestable basis to internal and external parties for research on fire related matters, as recommended by the Research Advisory Group and approved by the Commission. The balance at end of year represents monies not yet committed.

The Loss of Medical (Residual) Fund was established under section 58A of the Fire Service Act 1975. This Fund was established to provide insurance cover for personnel who were contributing to a former medical compensation insurance scheme and who have not joined the New Zealand Fire Service Superannuation Fund. Contributions to the Fund are received from those personnel who are covered by it.

The Rural Fire Fighting Fund was established under section 46A of the Fire Service Act 1975. The Fund is financed by a first charge against the proceeds of the levy and a Crown Grant through the Department of Conservation. Money from the Fund is applied towards meeting costs of Fire Authorities in the control, restriction, suppression or extinction of fires.

The Volunteer Needs Fund was established in 1997 under section 58A of the Fire Service Act 1975, and was funded by an allocation from the Commission's operating funds. Expenditure from the Fund is applied to projects addressing the issues identified as essential to the ongoing development of the volunteer force.

### Note 13 – Revaluation reserve – land and buildings

	Land 2001 \$000	Buildings 2001 \$000	Total 2001 \$000
Revaluation reserve at beginning of year	44,262	35,721	79,983
Realisation on disposal	(361)	(158)	(519)
<b>Revaluation reserve at end of year</b>	<b>43,901</b>	<b>35,563</b>	<b>79,464</b>
	Land 2000 \$000	Buildings 2000 \$000	Total 2000 \$000
Revaluation reserve at beginning of year	45,153	35,668	80,821
Revaluations	0	(314)	(314)
Realisation on disposal	(891)	367	(524)
<b>Revaluation reserve at end of year</b>	<b>44,262</b>	<b>35,721</b>	<b>79,983</b>

On disposal of an item of land or buildings the portion of the revaluation reserve that relates to that item is taken out of the revaluation reserve, and is transferred to equity.

### Note 14 – Financial Instruments

The Fire Service is party to financial instruments as part of its everyday operations. These financial instruments include bank accounts, investments, accounts receivable, accounts payable, debt and foreign currency forward contracts.

#### Currency risk

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

The New Zealand Fire Service Commission enters into foreign exchange forward contracts to manage its foreign currency exposure in relation to the purchase of

fixed assets. Foreign exchange forward contracts in place at 30 June 2001 were GBP 275,000 which converts to \$NZ 944,000 (2000 GBP 66,000 which converts to \$NZ 216,000).

#### **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fire Service Act 1975 does not provide for the Commission to enter into hedging transactions, and therefore interest rate investments and debt are not hedged. To limit the interest rate risk the Commission's policy restricts the range of financial instruments that can be entered into.

#### **Credit risk**

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

In the normal course of business the New Zealand Fire Service Commission incurs credit risk from trade debtors and transactions with financial institutions.

The Commission places its investments with financial institutions that have a high credit rating and does not require any collateral to support these financial instruments. There is no significant concentration of credit risk arising from trade debtors.

#### **Fair values**

The fair values of financial instruments at 30 June are as follows:

	2001 \$000	2000 \$000
Cash	27	0
Accounts receivable	2,641	2,212
Bank overdraft	0	5
Employee and volunteer entitlements	43,437	34,182
Debt	36,424	45,355
Accounts payable and accruals	15,163	17,480
Foreign exchange forward contracts	944	216

### Note 15 – Related party disclosures

The New Zealand Fire Service Commission is a Crown Entity. Crown entities are expected to give effect to Government policy. All transactions entered into with Government Departments, State Owned Enterprises and other Crown Entities are conducted at arms length on normal business terms.

The Office of the Commission maintains a Conflict of Interest Register for members of the Commission. During the period no transactions were entered into with members of the Commission (other than payment of their fees and reimbursement of their expenses).

There were no other related party transactions.

### Note 16 – Remuneration of Commissioners

Remuneration received by members of the New Zealand Fire Service Commission during the year was:

	2001 \$	2000 \$
Dame Margaret Bazley, DNZM	50,000	50,000
Mr Brian Stanley (resigned 14/11/00)	7,442	19,350
Mr Neville Young, LLB	15,500	15,500
Mr Terry Scott (appointed 14/11/00)	9,658	–
Dr Piers Reid, Major General (rtd), LBE, Dlitl, MdefStud, RCDS (appointed 14/11/00)	9,658	–
Ms Angela Foulkes (appointed 14/11/00)	9,658	–

### Note 17 – Employee Remuneration

Number of employees receiving total remuneration over \$100,000 per annum:

Band \$000	Number 2001	Number 2000
100 – 110	2	3
110 – 120	3	2
120 – 130	6	5
130 – 140	2	3
140 – 150	3	3
150 – 160	1	–
160 – 170	–	2
170 – 180	1	–
220 – 230 *	1	1

\* Chief Executive

Note: The remuneration of staff who were not employed for the duration of the year but were on the payroll as at 30 June have been annualised for the purpose of transparent disclosure.

The number of employees whose employment ceased prior to 30 June and whose total earnings exceeded \$100,000 were:

	2001	2000
Number of former employees	3	–
Normal remuneration	\$0.481m	–
Severance	–	–

### **Note 18 – Segmental reporting**

The Fire Service operates in the industry of providing fire safety and other fire emergency services. These services are provided throughout New Zealand. The Commission is also the National Rural Fire Authority. This function involves the co-ordination of fire services provided by Rural Fire Authorities. These authorities include district councils, some forest owners and land owning Government departments. Funding for this is administered through the Rural Fire Fighting Fund.



# Statement of Objectives and Service Performance

Section 41 of the Public Finance Act 1989 requires the Commission to report against the measures as set out in the approved 2000/01 statement of intent. This section sets out the Commission's results against those outcomes, outputs and performance measures.

## Statistical Reporting

The number and incidence of fires shown in this annual report for earlier years may vary slightly from the same data given in previous annual reports. At the end of each year detailed information on a small percentage of incidents is not available. The incident data is proportionately increased across all incidents to address this difficulty. In the following year the detailed information becomes available and the incident statistics are revised accordingly.

Small changes in the fatality statistics are attributable to the outcomes of coronial inquests after the close of the year.

## Outcome Performance

This sub section details the Commission's performance in the achievement of outcomes during 2000/01.

The results of outcome area one, two and three have been measured by an independent public survey carried out in July 2001. Outcome areas four to nine have been measured through the Fire Service's in-house fire incident reporting system (FIRS). They therefore reflect those incidents the Fire Service attended. Rural fire authorities and the National Rural Fire Authority have reported outcome areas 10 and 11. Other in-house and external reporting processes have measured outcome areas 12 and 13.

Due to industrial action by members of the New Zealand Professional Firefighters Union FIRS data is incomplete. The database is just over 90% complete. That is, 90% (58,021) of the 64,407 incidents attended by the Fire Service have detailed incident reports completed and entered into the database. For reporting and comparison purposes FIRS data has been prorated to 100%. This means the 58,021 incidents have been proportionally increased to reflect the 64,407 incidents attended during the year. Data reported in outcome areas four, seven, eight and nine are affected by the firefighters industrial action. Fire fatality information (outcome areas five and six) does not rely on the FIRS system and is therefore unaffected.

### **Outcome Area 1 – Fire Danger Knowledge**

- Understanding that a fire can develop quickly is improving. Fifty percent of people believe a fire becomes unsurvivable within 3 minutes compared to 38% last year. Eighty percent believe a fire would be unsurvivable within 5 minutes compared to 78% last year.
- The percentage of people who believe children having access to matches is a fire risk has improved to 95% from 91% last year.
- The percentage of people who believe leaving clothing to dry in front of an open fire is a fire risk has improved to 86% from 80% last year.
- Eighty-two percent of people now believe using candles in the bedroom is a fire risk compared to 80% last year.
- The percentage of people who believe leaving clothing close to or on a heater is a fire risk has improved to 81% from 77% last year.
- Leaving cooking unattended is perceived to be a fire risk by 72% of people compared to 70% last year.
- Open flame heating is seen as a fire risk by 58% of people compared to 50% last year.
- Slightly fewer people were aware of roadside fire danger signs in rural areas, 82% compared to 85% last year.

### **Outcome Area 2 – Fire-Safe Behaviour and Practices**

- The rate of smoke alarm installation remained steady at 81% of households. Importantly, more households now have four or more smoke alarms installed, 24% compared to 19% last year.
- Fifty-nine percent of people check their smoke alarms at least every six months compared to 69% last year. However 66% cleaned the alarms compared to 65% last year.
- Fifty-four percent of households have an escape plan compared to 57% last year. The escape plans were practiced by 36% of people compared to 40% last year.
- The percentage of households with matches and lighters out of the reach of children increased to 61% from 57% last year.
- Households where children could find matches or lighters decreased to 15% from 20% last year.
- The level of fire safety equipment (other than smoke alarms) in the home was almost unchanged from last year:
  - Ninety-two percent with a garden hose compared to 90%
  - Eighty-two percent with a first-aid kit compared to 81%
  - Forty-nine percent with a fire extinguisher compared to 52%.
- Seventy-five percent of people would take more care if roadside fire danger signs in rural areas showed the fire danger to be either high or extreme danger. This compares to 81% last year and 76% in 1998/99.

### Outcome Area 3 – Fire Response Skills

- Sixty-seven percent of people said the first thing they would do in the event of a fire was to get everyone out of the house compared to 66% last year and 57% in 1998/99.
- Almost all households knew to call 111 in the event of a fire. This is unchanged from last year at 97% of households.
- More people would call the Fire Service in the event of a fire, 40% compared to 32% last year.
- Fewer people would try to get valuables out of the house in the event of a fire than last year, 6% compared to 12%.
- Confidence in using fire safety equipment (other than smoke alarms) was mixed compared to last year:
  - Sixty percent of people felt confident using a fire extinguisher compared to 62%
  - Sixty-two percent of people felt confident using a garden hose compared to 66%
  - Sixty-three percent of people felt confident using a fire blanket compared to 61%.

### Outcome Area 4 – Number of Fires

	For the Year			
	2000/01	1999/00	1998/99	1997/98
<b>Fire Incidents</b>				
Urban fires	14,139	14,076	14,825	17,465
Rural fires	4,256	2,960	3,649	3,650
Motor Vehicle Fires	2,875	3,322	3,607	3,531
<b>Total Fire Incidents</b>	<b>21,270</b>	<b>20,358</b>	<b>22,081</b>	<b>24,646</b>

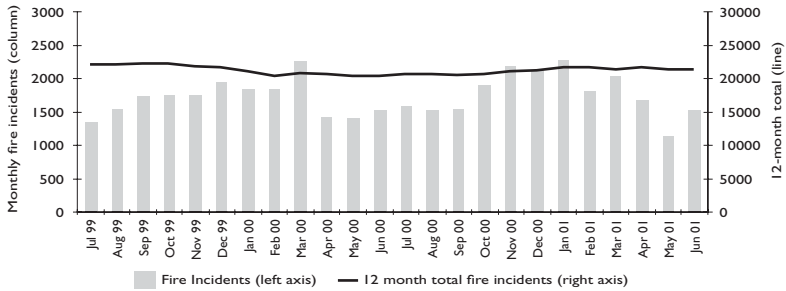
Note: FIRS data for 2001/02 has been pro-rated up from 90.1% to 100%.

Urban fires are those that occurred within New Zealand Fire Service fire district boundaries.

Rural fires are those that occurred outside New Zealand Fire Service fire district boundaries.

This table shows the total number of fires attended by the Fire Service has increased by 912 compared to 1999/00. Fires in urban areas have remained almost unchanged, motor vehicle fires are down 447 and fires in rural areas are up 1,296. The higher number of rural fires reflects the dry summer conditions and high fire danger existing in many parts of the country.

### Number of fire incidents – 12 month rolling total



This graph shows the 12-month rolling total number of fires attended by the Fire Service increased slightly over the last year.

### Number of fire incidents by property type

	Year to Date			
	Per 1,000 Popn 2000/01	1999/00	Number of Fires 2000/01	1999/00
Public assembly	0.30	0.27	1,161	1,037
Educational	0.14	0.13	523	497
Health care and detention	0.04	0.05	159	207
Residential – domestic	1.70	1.85	6,508	7,048
Residential – other	0.06	0.07	240	263
Shop and office	0.23	0.23	897	894
Primary industry and utility property	0.37	0.27	1,429	1,048
Manufacturing property	0.13	0.13	497	487
Storage property	0.14	0.15	530	554
Misc property	2.43	2.18	9,326	8,323
<b>Total</b>	<b>5.55</b>	<b>5.31</b>	<b>21,270</b>	<b>20,358</b>

Note: The main items in miscellaneous property are roads/streets and outdoor areas.

This table shows the breakdown of fire incidents by property type. Most of the increase in fire incidents attended by the Fire Service occurred in the miscellaneous property (1,003) and primary industry and utility property (381) areas. These properties are where the majority of vegetation fires are recorded. This is consistent with the increase in the number of rural fires reported above.

Fires in residential domestic properties attended by the Fire Service decreased by 540. Reducing these fires is the principle focus of the national promotion plan. The results are encouraging but further work is needed to establish a statistical link between the Fire Service fire safety initiatives and the number of fires in residential – domestic properties.

### Outcome Area 5 – Number of Fire Fatalities

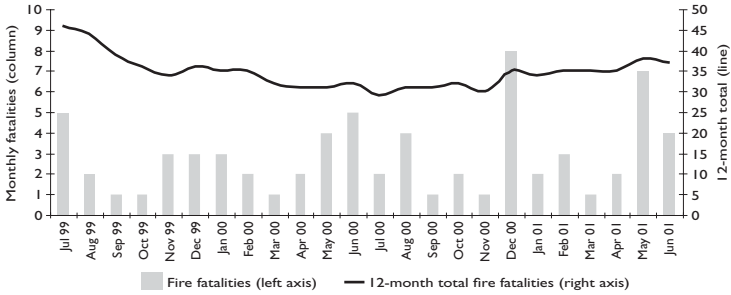
The following table shows the breakdown of fire fatalities for the last three years. It includes incidents the Fire Service attended plus other incidents brought to the attention of the Fire Service principally through news media coverage. There may be some minor changes to these statistics as a result of the outcomes of coronial inquests. This relates mostly to fire fatalities in motor vehicles where it is unclear whether the fatality resulted from the accident or the resulting fire. The Fire Service includes these fatalities in its statistics until the results of coronial investigations determine otherwise.

	2000/01	For the Year 1999/00	1998/99
<b>Avoidable Residential Structure Fire Fatalities</b>			
Residential structure fire	16	16	23
Mobile property (as residential structure)	0	1	1
<b>Total Avoidable Residential Structure Fire Fatalities</b>	<b>16</b>	<b>17</b>	<b>24</b>
<b>Other Fire Fatalities</b>			
Residential structure – suicide/unlawful	1	4	2
Motor vehicle fires	9	6	12
Other mobile property	6	4	0
Other suicide/unlawful	4	1	4
Other	1	0	0
<b>Total Fire Fatalities</b>	<b>37</b>	<b>32</b>	<b>42</b>
Avoidable Residential Structure Fire Fatalities per 100,000 population	0.42	0.45	0.63

The number of avoidable residential structure fire fatalities for 2000/01 is down to 16 from 17 in 1999/00. This is the lowest rate recorded per 100,000 population at 0.42, compared to 0.45 in 1999/00 since the Fire Service was nationalised in 1975. This indicates the reductions (56%) of the last four years have been locked in. The challenge now is to achieve the 5-year goal of 10 or less by 2006. To do this fire safety education programmes need to reach the most at-risk groups that have not been influenced so far.

Overall the total number of fire fatalities increased by five to 37 compared to 1999/00. This increase is due to fire fatalities in mobile property fires resulting from road accidents and aircraft crashes.

**Number of fire fatalities – 12 month rolling total**



This graph shows the 12-month rolling total number of fire fatalities is increasing. This reflects the increase in the number of fatalities in fires following motor vehicle accidents and other mobile property fires (mostly aircraft crashes).

**Outcome Area 6 – Number of Multiple Fatality Fires**

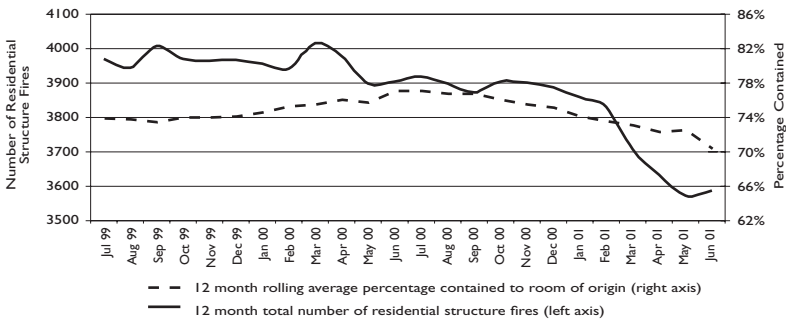
There were four multiple fatality fires in the year compared to four in 1999/00. The deaths occurred in motor vehicle fires following an accident (2), a fire following an aircraft crash and a house fire.

**Outcome Area 7 – Number of Injuries to Members of the Public as a Result of Fire**

	2000/01	For the Year 1999/00	1998/99
Injuries to members of the public	327	300	350
Injuries per 100,000 population	8.53	7.87	9.23

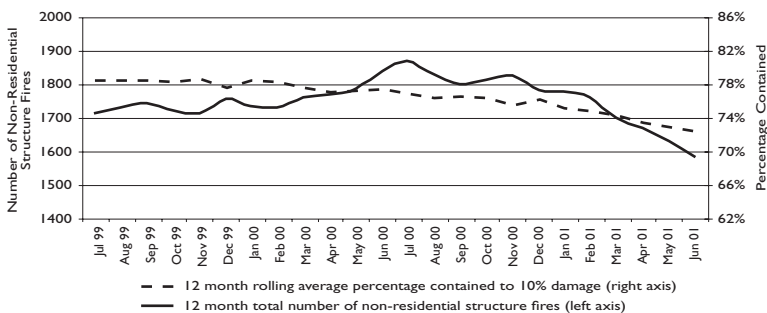
This table shows the number of injuries to members of the public is up from 1999/00. However it is still slightly lower than in 1998/99.

### Outcome Area 8 – Damage to Residential Properties



This graph shows the number of fires in residential structures is decreasing. It also shows the percentage of fires contained to the room of origin is decreasing, ie a greater percentage of fires are extending beyond the room of origin. However the graph also shows changes in data sets. The first is the change to FIRS 2000 in October 2000. This coincided with a steep reduction in the 12-month average percentage of fires contained to the room of origin (77% in September 00 down to 70% in June 01). This may be due to a change to the way this information is collected and recorded. The second is the industrial action taken by paid firefighters starting around January/February 2001. This coincided with a sharp drop in the 12-month total number of fires occurring in residential properties (3858 in February 01 to 3587 in June 01). This may be caused by the way FIRS data is prorated up to 100%. The prorating system assumes the missing incidents are evenly distributed across incident types.

### Outcome Area 9 – Damage to Non-Residential Properties



This graph shows the 12-month total number of fires reducing to 1583 (from 1840) and the damage contained to 10% or less reducing to 72.5% (from about 77.5%). The same issues identified for residential properties may exist for non-residential properties, those issues being the introduction of FIRS 2000 in October 2000 and the industrial action by paid firefighters in January/February 2001.

### Outcome Area 10 – Area Lost to Wild Fires

Area damaged by wildfires	For the Year			1997/98
	2000/01	1999/00	1998/99	
Grass	7,878	564	11,727	2,938
Scrub	4,376	1,349	5,759	2,019
Forest	412	141	213	1,296
<b>Total</b>	<b>12,666</b>	<b>2,054</b>	<b>17,699</b>	<b>6,253</b>

Source: Annual returns made by rural fire authorities

This table shows the hectares burnt as a result of wildfires. The results are heavily influenced by weather patterns and may not indicate the success or failure of fire suppression tactics or fire safety education programmes targeting this area. Another complicating issue is that firefighting tactics may include letting a wildfire burn if it poses no threat to the environment, people or property. Work is underway to identify measures that accurately monitor the work of the National Rural Fire Authority in this area.

### Outcome Area 11 – The Number and Percentage of Rural Fire Authorities with an Approved Fire Plan

Number of rural fire authorities	102
Number of rural fire authorities with an approved fire plan	97
<b>Percentage of Rural Fire Authorities with an Approved Fire Plan</b>	<b>95%</b>

### Outcome Area 12 – Effective Fire Service Levy Collection

Twenty levy audits of insurance brokers and companies were carried out during the year. The results showed that 69% of policies audited were in compliance with the levy and 85% of the value of those policies was in compliance. All the errors identified during the audit programme were followed up and the errors corrected. The compliance results are slightly below the levels established during last year's audit. However the follow up action exceeded last years achievement. The compliance results may be due to the Fire Service targeting its audit programme to the brokers and companies most likely not to fully understand the legislation covering the fire service levy.



The key results of the 2000/01 levy audits are:

Percentage of policies in compliance	69%
Value of policies in compliance	85%
Percent of errors now in compliance	100%
Percent value of errors now in compliance	100%

All the errors discovered during the levy audit programme have been followed up and all those errors are now in compliance.

### **Outcome Area 13 – Best Practice Organisation**

The purpose of this outcome is to measure how successful the Commission is in adopting sound business practices when providing service to the public. The Commission is committed to continuous improvement as part of its focus on being a best practice organisation. In 2000/01 the Commission targeted improvements in:

- Managing internal organisational risk
- The financial control environment
- Providing management information
- Resource planning.

#### **Managing Internal Organisational Risk**

The Commission undertook a project to develop and put in place a method for identifying, prioritising and mitigating internal organisational risk. During the year a process was developed for identifying and prioritising internal risk and field trials were conducted in two locations. The results of the trials in Auckland and Western fire regions will be available early in 2001/02. Depending on the results of the trials full implementation of the internal risk management process will start in the 2001/02 year.

#### **Financial Control Environment.**

Financial policies were reviewed and updated during the year. Staff training on the practical application of the policies is planned for early in the 2001/02 financial year.

A new financial management information system (FMIS) was successfully implemented. The system provides the Commission with an on-line real-time financial reporting capability. This will significantly improve the monitoring and management of the organisation's finances.

A financial training programme was run for all relevant regional staff to ensure they understood sound financial management practices.

**Providing Management Information.**

Three significant information technology systems designed to improve management information were successfully implemented during the year.

They were the:

- Fire incident reported system (FIRS 2000)
- Human resource management information system (HRMIS)
- Financial management information system (FMIS).

The FIRS 2000 provides on-line network input for emergency incident information and an up to date reporting capability. The system has been designed to improve the speed and usability of the emergency incident data.

The HRMIS provides an improved capability for payroll processing and reporting, rostering, health and safety monitoring, and staff training and injury claims management. During 2000/01 the core system was implemented including the payroll processing module and an injury claims management module. Further modules were developed for shift rostering (partly implemented) and a kiosk facility to allow employees to update their personal records. These modules will be fully implemented throughout 2001/02. The training and health and safety modules will be developed in 2001/02.

The FMIS provides the Commission with an on-line real-time financial reporting capability. This will significantly improve the information flows for management of the organisation's finances.

**Improving Resource Planning.**

The resource allocation model provides a sound, robust and scientifically valid basis for making resourcing decisions. The model considers factors that are nationally consistent and independently verifiable, therefore it can be applied across all New Zealand metropolitan and major provincial centres. The aim in developing the model was to optimally locate fire stations based on fire risk and to ensure that 90% of all incidents were reached within five minutes of firefighters leaving the station. A range of tools was used to achieve this, including powerful computer software called Transcad and the index of deprivation, which is a reliable indicator of residential fire risk. The model also takes into account commercial fire risk and projected community development and growth. The model will provide the basis for making long term resourcing decision over the coming years.

## **OUTPUT PERFORMANCE**

### **Completeness of Reporting Data**

Industrial action by members of the New Zealand Professional Firefighters Union (NZPFU) has affected the ability of the Commission to report fully on all of its performance measures. The industrial action banned the use of computers and the recording of activities in the non-emergency activity management system (NEAMS) and the fire incident reporting system (FIRS). NEAMS records non-emergency activity such as fire safety education, training and building inspections and the FIRS records information about emergency incidents. Industrial action banning computer use began in early 2001 and continued until late June 2001. This affected the recording of information in the FIRS system, although backup paper based systems were used as an alternative in some instances. The industrial action extended to banning all reporting in NEAMS and FIRS in about March 2001 and continued until late June 2001.

The FIRS database is just over 90% completed. That is, 90% (58,021) of the 64,407 incidents attended by the Fire Service have detailed incident reports completed and entered into the database. For reporting and comparison purposes FIRS data has been prorated to 100%. This means the 58,021 incidents have been proportionally increased to reflect the 64,407 incidents attended during the year.

The integrity of the NEAMS reporting systems was undermined during the period of the industrial action. The Commission therefore has not been able to accurately report against all its performance measures. Where this was the case the reported performance is shown as either not measured or partial result. Not measured means the industrial action had a significant impact on the activities recorded in the system and the Commission was not prepared to report the results. Partial result means the industrial action had an impact on the activities recorded in the system but the issue was one of under reporting. In this case the recorded results are shown but with the provision the results are incomplete.

Personnel who are not members of the NZPFU have completed both NEAMS and FIRS information as required and therefore data reported by these groups was unaffected. These groups included volunteer firefighters, paid firefighters who were not members of the NZPFU (mostly CST members), fire safety officers, operational planners and other operational staff.

## **Output Performance – Not Achieved**

Set out below is a brief summary and explanation of the performance measures not achieved.

### **Report on Earthquake Fire (performance measure 1.4.2)**

The measure required the Fire Service to produce a report on how the risks associated with earthquake fire can be mitigated. A contract was let under the 2000/01 contestable research fund to carry out this research and produce a report. That work has been delayed due to the complex nature of the subject and will be carried over into the 2001/02 year.

### **Review of Fire Research (performance measure 1.5.1)**

This measure required a review and analysis of fire research to determine where the greatest cost-benefit would come if changes were made to building, consumer or fire safety law and practice and to take appropriate action to bring about such change. This work was delayed and has been carried over to the 2001/02 year.

### **Audit of Pre-determined Attendance Data (performance measure 2.1.4)**

This measure required pre-determined attendance data in the emergency dispatch system to be sampled to ensure it was current. The emergency dispatch system contains millions of separate bits of data that are regularly tested, reviewed and updated by regional and district staff. In addition, scheduled data upgrades are carried out. Therefore a formal audit was not considered necessary during the year. However a revised process was developed to improve the accuracy of the data contained in the system (eg road infrastructure changes, place name changes, new building information). During 2000/01 operational resources were successfully dispatched to over 64,000 incidents confirming that New Zealand has one of the most advanced emergency call taking and dispatch systems in the world.

### **Code of Practice for Water Supplies (performance measure 2.3.1 and 2.3.2)**

These measures required the Fire Service to consult on the draft code of practice for fire fighting water supply so the code could be finalised by 31 March 2001 and implemented by 30 June 2001. The consultation phase generated wide interest resulting in over 700 submissions on the draft code of practice. Due to the large number of submissions a final draft of the code will now be completed and further consultation carried out in 2001/02 before the code of practice can be finalised and implemented.

**False Alarm Reduction (performance measure 2.4.2)**

This measure required the Fire Service to reduce the number of avoidable false alarms from fire alarm systems by 6% in 2000/01. This is one year in the 5-year goal for a 30% reduction. The number of false alarms in 2000/01 increased by 0.4%, due mainly to the increase in the number of alarm systems being installed and monitored. The rate of false alarms per 100 monitored systems actually fell by 3.6% from last year. This represents a positive step towards achieving the 5-year goal.

**Administration Support (performance measure 3.1.3)**

This measure required 95% of regional rural fire committee members to be satisfied with the administrative support and meeting facilitation they received as determined by independent survey. The actual survey resulted in the majority (82%) of committee members indicating they were satisfied with the support they received. The remaining 18% replied they were neither satisfied nor dissatisfied (13%) or they don't know (5%).

**Rural Fire Grant Assistance Applications (performance measure 3.2.2)**

This measure required the National Rural Fire Authority to notify rural fire authorities of the results of grant assistance applications by 31 August 2000. Rural fire authorities were advised of their results in mid September. The delay was due to the National Rural Fire Officer responding to a request from the United States to assist in the development of strategies to combat their extraordinary wildfire situation. Rural fire authorities were notified of this delay and the reasons for it. The Commission received no adverse feedback as a result of the delay.

**OUTPUT COSTS (NET EXPENDITURE)**

2001 Actual \$000 GST excl.	2001 Budget \$000 GST excl.
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**Output Class 1** Fire prevention and other forms of fire safety resulting in reduced frequency and impact of fires and other emergencies.

	32,031	29,824
Output 1.1 Public education and advice.	22,478	21,981
Output 1.2 Professional and technical advice.	3,007	2,434
Output 1.3 Ensuring appropriate enforcement of legislation.	3,071	2,783
Output 1.4 Emergency Management Groups and other emergency sector organisations.	217	198
Output 1.5 Fire safety research and fire safety law assessment and reform.	1,260	940
Output 1.6 Post incident investigation and follow-up.	1,998	1,488

**Output Class 2** Fire fighting and other fire service operations.

	161,724	174,313
Output 2.1 Operational readiness.	127,736	135,699
Output 2.2 Evacuation scheme approval and monitoring.	5,822	4,370
Output 2.3 Municipal water supply and building fire water supply monitoring.	5,565	5,406
Output 2.4 Fire alarm systems monitoring and the reduction in avoidable false alarm incidents.	538	687
Output 2.5 Operational planning.	538	687
Output 2.6 Operational responses to fire and other emergencies.	21,525	27,464

	2001 Actual \$000 GST excl.	2001 Budget \$000 GST excl.
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### Output Class 3 National Rural Fire Authority administration.

	2,219	2,552
Output 3.1 Advice and support to rural fire authorities and regional rural fire committees.	927	945
Output 3.2 Rural fire fighting fund and grant assistance schemes.	773	995
Output 3.3 Rural Fire Management Code of Practice.	189	218
Output 3.4 Advice to the public and to key groups	330	394
<b>Total Cost of Outputs</b>	<b>195,974</b>	<b>206,689</b>

Net expenditure is gross expenditure (excluding funds) less other income earned by the Commission per section 47 of the Fire Service Act 1975.

## OUTPUTS AND PERFORMANCE MEASURES

**Output Class 1** Fire Prevention and other forms of fire safety resulting in reduced frequency and impact of fires and other emergencies.

(Sections 20, 21 and 29 of the Fire Service Act, and sections 12(2) and 64 to 81 of the Building Act)

### Output 1.1 Public education and advice

This output comprises the development of a national public fire prevention and fire safety strategy which:

- Identifies up to eight groups nationally who are “at-risk” groups in terms of fire safety advice needs
- Identifies appropriate partnership groups who can and are willing to work in partnership with the Fire Service so the relevant fire safety advice targets those who need it most
- Ensures the relevant fire safety advice is delivered in the most appropriate way for that group to receive and act on that advice.

Financial Performance	Actual	Budget
Net expenditure \$000	22,478	21,981

Performance Measure	Actual Performance
I.1.1 The national fire safety promotion plan will be reviewed, updated and approved (by the chief executive) by 30 September 2000.	<b>Achieved</b>
I.1.2 For those partnership groups identified in the plan an effective partnership plan will be developed by 30 December 2000.	<b>Achieved</b>
I.1.3 The Fire Service will deliver fire safety education programmes targeted to the identified high-risk groups.	<b>Partial result*</b> Fire safety education (excluding national promotions) reached at least 157,165 people.
I.1.4 The Fire Service fire safety messages will improve the fire safety knowledge of the targeted at-risk groups as measured by independent survey.	<b>Achieved</b> See the results detailed under outcomes areas one, two and three.

\* Indicates the results were affected by industrial action – see note on page 65.

## Output 1.2 Professional and technical advice

This output comprises the provision of professional and technical advice to key targeted groups who are able to determine or influence:

- Appropriate building fire design for buildings.
- Fire loading that is appropriate and in accordance with the intent of the building design
- Building management which is consistent with the intent of the building design
- Building occupant behaviour which is consistent with the intent of the building design.

The Fire Service will devise and implement a national fire prevention and fire safety strategy, which will:

- Identify up to eight categories of building occupancies which are significant in terms of fire risk (probability and consequence).
- Identify appropriate partnership groups for each category of building occupancy who can work in partnership with the Fire Service.
- Ensure that relevant fire safety advice is properly targeted in the manner that is most appropriate for those who need to receive it. The advice ensures that what would otherwise remain a significant fire risk in terms of building occupancy is properly managed by those who are responsible for the fire risk.

Financial Performance	Actual	Budget
Net expenditure \$000	3,007	2,434



Performance Measure	Actual Performance
1.2.1 The "national plan to provide professional and technical advice" will be reviewed, updated and approved (by the chief executive) by 30 September 2000.	<b>Achieved</b>
1.2.2 For those partnership groups identified in the plan an effective partnership plan will be developed by 30 December 2000.	<b>Achieved</b>
1.2.3 The Fire Service will deliver professional and technical advice to the key targeted groups.	<b>Achieved</b>
1.2.4 The objectives contained in the plan for the 2000/01 financial year will be met.	<b>Achieved</b> Partnerships were developed and advice provided to the targeted groups.

### Output 1.3 Ensuring appropriate enforcement of legislation.

This output encompasses the actions taken by the Fire Service to ensure buildings are safe from fire hazard and comply with the relevant fire safety law.

Financial Performance	Actual	Budget
Net expenditure \$000	3,071	2,783

Performance Measure	Actual Performance
1.3.1 One third of identified buildings that pose a significant risk in terms of the building risk matrix will be inspected for pre incident planning purposes in accordance with the National Commander's operational instructions.	<b>Partial result *</b> At least 3,470 were inspected.
1.3.2 Other buildings not posing a significant risk in terms of the building risk matrix will be inspected for pre incident planning purposes in accordance with the National Commander's operational instructions as considered necessary by each fire region manager.	<b>Achieved</b>
1.3.3 Non compliance with the Building Act 1991 identified during building inspections will be notified to the relevant territorial authority in accordance with section 29(5) of the Fire Service Act 1975.	<b>Partial result*</b> 148 breaches notified.
1.3.4 All identified dangerous buildings will be notified to the relevant territorial authority together with sufficient information to enable them to act.	<b>Achieved</b> 38 notified.

\* Indicates the results were affected by industrial action – see note on page 65.

Performance Measure		Actual Performance
I.3.5	All buildings notified to the territorial authority (under I.3.4) will be monitored to ensure they are either closed, made safe or have legal action being taken.	<b>Achieved</b> 38 made safe or closed.
I.3.6	Written advice will be provided to external organisations or individuals to encourage compliance with fire safety law.	<b>Achieved</b> Written advice was provided 9,475 times.
I.3.7	98% of written advice provided in I.3.6 will be technically accurate, as verified by internal audit.	<b>Achieved</b> 99%

### **Output I.4 Emergency Management Groups and other emergency sector organisations**

This output comprises working with and supporting the operation of emergency management groups and other emergency sector organisations to reduce the risk of earthquake fire and other second and third tier adverse events. It includes all actions taken by the Fire Service to support the Government's emergency management reforms.

Financial Performance	Actual	Budget
Net expenditure \$000	217	198

Performance Measure		Actual Performance
I.4.1	The Fire Service obligations under the National Civil Defence Plan will be reviewed and updated by 30 June 2001.	<b>Achieved</b>
I.4.2	The Fire Service will produce a report on how the risks associated with earthquake fire can be mitigated.	<b>Not Achieved</b>

### **Output I.5 Fire safety research and fire safety law assessment and reform.**

This output includes fire safety research carried out by the Fire Service to contribute to the knowledge about fire. This output also recognises that the Fire Service has a statutory obligation to ensure knowledge affecting fire safety is applied.

Financial Performance	Actual	Budget
Net expenditure \$000	1,260	940

Performance Measure	Actual Performance
1.5.1 Fire research will be reviewed and analysed to determine where the greatest cost-benefit would arise from changes to building, consumer or fire safety law and practice and to take appropriate action to bring about change.	<b>Not Achieved</b>
1.5.2 The Fire Service will provide quality legal advice to organisations on relevant aspects of fire safety law.	<b>Achieved</b>
1.5.3 Information will be disseminated through a range of communication methods so that relevant organisations are aware of the results from the research conducted under the contestable research fund.	<b>Achieved</b>

### **Output 1.6 Post incident investigation and follow-up.**

This output comprises the fire investigation and follow-up that determines the cause of fire and further contributes to knowledge about fire.

This output recognises that the sharing of knowledge and information about fire risk and how fire risk can be managed best is part of the statutory mandate under which the Fire Service operates. The Fire Service will investigate fire incidents to determine the cause of the fire and other factors which led to fire ignition and the ensuing spread of the fire. The results of fire investigations will be used to:

- Inform relevant organisations or individuals of fire risks to encourage them to take the correct actions to ensure similar incidents either do not occur in the future or the consequences from them are minimised
- Provide a basis from which to target fire safety advice and prevention programmes.

Financial Performance	Actual	Budget
Net expenditure \$000	1,998	1,488

Performance Measure	Actual Performance
1.6.1 Fire investigations will be completed in accordance with the National Commander's operational instructions.	<b>Achieved</b> 884 fire investigations carried out.
1.6.2 A report will be produced as a result of fire investigations on the underlying factors influencing fire ignition and fire spread (where these can be determined), including human behaviour, fire safety knowledge and exposure to fire safety messages.	<b>Achieved</b> A report was completed and will be published in early 2001/02.

Performance Measure	Actual Performance
I.6.3 Fire investigation reports produced under I.6.1 will be technically accurate as verified by peer review processes.	<b>Achieved</b>
I.6.4 Information will be made available to relevant organisations on the result of fire investigations where those results will help reduce the number of or consequences from similar incidents occurring in the future.	<b>Achieved</b> Provided 711 times.
I.6.5 The Fire Service will report monthly to the Commission on all major or unusual incidents.	<b>Achieved</b>
I.6.6 The Fire Service will produce technical and statistical publications which contribute to the knowledge about fire for internal and external audiences.	<b>Achieved</b>

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

### **Output 2.1 Operational readiness.**

This output ensures the Fire Service is maintained in a state of operational readiness and conforms to the Fire Service Act at the lowest sustainable cost. Under section 17O of the Fire Service Act, the Fire Service will maintain sufficient human and physical resources to be able to respond effectively to fires and other emergencies, 24 hours of the day, 365 days of the year. This includes activities to provide for events and issues to do with the millennium celebrations. This output also covers the Fire Service's participation with other emergency management services and agencies in the response to community-scale incidents.

Financial Performance	Actual	Budget
Net expenditure \$000	127,736	135,699

Performance Measure	Actual Performance
2.1.1 All resources will be operationally ready, in accordance with the National Commander's operational instructions, as judged by operational readiness audit sampling.	<b>Achieved</b>
2.1.2 Operational readiness audits carried out under 2.1.1 will be technically accurate as judged by a review of a sample of the audits.	<b>Achieved</b>

Performance Measure	Actual Performance
2.1.3 An estimated 50 exercises will be carried out with other emergency management service providers and agencies in the management of community scale incidents.	<b>Partial result *</b> <ul style="list-style-type: none"> <li>• 189 multi-agency exercises</li> <li>• 38 civil defence exercises.</li> </ul>
2.1.4 Pre determined attendance data will be current in the Fire Service emergency dispatch system as judged by audit sampling.	<b>Not Achieved</b> An audit sample was not carried out. However, resources to over 64,000 incidents were successfully dispatched.
2.1.5 Fire Service resources will be benchmarked across fire regions and fire districts to ensure resources are deployed in a rational manner.	<b>Achieved</b>

\* Indicates the results were affected by industrial action – see note on page 65.

## Output 2.2 Evacuation scheme approval and monitoring

This output comprises actions to promote, enforce and monitor compliance with the Fire Service Act 1975 in relation to evacuation schemes.

Financial Performance	Actual	Budget
Net expenditure \$000	5,822	4,370

Performance Measure	Actual Performance
2.2.1 A register will be maintained of buildings that are referred to in section 21A(1) and (2) of the Fire Service Act.	<b>Achieved</b> At least 71,020 buildings in the register.
2.2.2 Buildings in the register will be monitored to ensure: <ul style="list-style-type: none"> <li>• Buildings protected by Insurance Council approved sprinkler systems continue to have a current Insurance Council certification for the purpose of maintaining that sprinkler system, including those buildings exempt under section 21A(1) of the Act.</li> <li>• Buildings for which the Fire Service has provided a waiver continue to meet the conditions of that waiver. Where this is not the case the waiver will be withdrawn.</li> </ul>	<b>Not measured.*</b>

\* Indicates the results were affected by industrial action – see note on page 65.

Performance Measure	Actual Performance
2.2.3 To undertake approval and monitoring processes (including by means of trial evacuations where appropriate) during the next two years (note this is the second year of a 3-year initiative) so that: <ul style="list-style-type: none"> <li>• operable evacuation schemes are in place for 95% of buildings which in the opinion of the National Commander present a significant risk in terms of the building risk matrix</li> <li>• for all other buildings for which an evacuation scheme is required: buildings which have approved evacuation schemes continue to be monitored to ensure those schemes remain operative buildings that do not have approved evacuation schemes and where the owner provides a suitable draft scheme, steps should be taken to approve schemes for those buildings.</li> </ul>	<b>Not measured*</b>
2.2.4 Legal action will be taken to close an estimated 20 buildings that do not have approved evacuation schemes.	<b>Achieved</b> Legal action initiated on 13 occasions.

\* Indicates the results were affected by industrial action – see note on page 65.

### **Output 2.3 Municipal water supply and building fire water supply monitoring**

This output involves the processes to ensure the water supply needs for fire suppression can be managed consistent with public health and other objectives. The successful functioning of the water supply systems for firefighting requires partnerships involving the Fire Service, the fire protection industry, the water industry and territorial authorities.

Financial Performance	Actual	Budget
Net expenditure \$000	5,565	5,406

Performance Measure	Actual Performance
2.3.1 Undertake public and Fire Service consultation on the draft code of practice for fire fighting water supply so that the code is finalised and disseminated by 31 March 2001.	<b>Not Achieved</b>
2.3.2 The Fire Service will review the implementation of the code of practice for water supplies by 30 June 2001.	<b>Not Achieved</b>

Performance Measure	Actual Performance
2.3.3 Street hydrants will be tested to monitor the number and percentage that meet the predetermined standards in accordance with the National Commander's operational instructions.	<b>Partial result *</b> At least 13,326 hydrants tested.

\* Indicates the results were affected by industrial action – see note on page 65.

## Output 2.4 Fire alarm systems monitoring and the reduction in avoidable false alarms

This output covers the actions the Fire Service takes to monitor the number of fire alarm systems connections and the number of false alarms those systems generate. The purpose of this monitoring is to provide feedback to the building owners, fire alarm manufacturers and organisations involved in the installation of fire alarms. The Fire Service also aims to minimise the number of false alarms that these systems generate through actively working with all interested groups in the fire protection industry.

Financial Performance	Actual	Budget
Net expenditure \$000	538	687

Performance Measure	Actual Performance
2.4.1 The national plan to reduce the number of avoidable false alarms will be reviewed, updated and approved (by the chief executive) by 30 August 2000.	<b>Achieved</b>
2.4.2 The implementation of the national plan will result in a reduction in the number of avoidable false alarms from fire alarm systems by 6% in 2000/01. This is one year of the goal for a 30% reduction over 5-years.	<b>Not Achieved</b> Number of calls increased by 0.4%. The rate per 100 systems has dropped by 3.6%.

## Output 2.5 Operational planning

This output encompasses the pre-planning the Fire Service does to ensure that in the event of an emergency incident the most appropriate actions are taken. Tactical plans provide information for managing tactics and resources for incidents involving a significant specific risk. Risk plans detail the fire risk information of individual properties to ensure the Fire Service is familiar with the properties layout and facilities.

Financial Performance	Actual	Budget
Net expenditure \$000	538	687

Performance Measure		Actual Performance
2.5.1	All identified buildings that pose a significant risk in terms of the building risk matrix will have an appropriate Fire Service risk plan in accordance with the National Commander's operational instructions.	<b>Partial result *</b> At least 2,326 tactical or risk plans were reviewed during the year.
2.5.2	All identified buildings that pose a significant risk in terms of the building risk matrix will have an appropriate Fire Service tactical plan in accordance with the National Commander's operational instructions.	<b>Partial result *</b> At least 2,326 tactical or risk plans were reviewed during the year.
2.5.3	Tactical and risk plans will be reviewed in accordance with the National Commander's operational instructions.	<b>Achieved</b>

\* Indicates the results were affected by industrial action – see note on page 65.

## Output 2.6 Operational response to fire and other emergencies

This output includes the timely and tactically appropriate operational responses to fire (including earthquake fire) and other specific emergencies which meet the requirements of the Fire Service Act. It encompasses:

- The services provided by the New Zealand Fire Service, over and above being operationally ready, to suppress and extinguish fires and to ensure the safety of people and property endangered by fire
- Stabilising, containing and minimising the impact of emergencies involving hazardous substances
- Attendance at incidents involving motor vehicles, for suppressing fire, and for extricating people from motor vehicles, or otherwise assisting them, and helping to stabilise and render safe the accident location
- Work carried out to protect life and property through extrications, rescues and other special services
- A range of other emergency incidents
- Incidents that turn out to be false alarms.

Financial Performance	Actual	Budget
Net expenditure \$000	21,525	27,464



Performance Measure	Actual Performance
2.6.1 The Fire Service will respond to and take the appropriate action at all alarms of fire in fire districts.	<b>Actual</b> 16,349
2.6.2 Responses under 2.6.1 will be monitored for performance against the National Commander's operational response guidelines endorsed by the Fire Service Commission.	<b>Actual</b> Calls responded to within: • 7mins-85% • 10 mins-96%.
2.6.3 The Fire Service will respond to and take the appropriate action at alarms of other emergency incidents inside fire districts where assistance can be rendered.	<b>Actual</b> 35,301
2.6.4 The Fire Service will respond to and take the appropriate action at alarms of fire outside fire districts where effective protection to life and property can be rendered.	<b>Actual</b> 4,921
2.6.5 The Fire Service will respond to and take the appropriate action at alarms of other emergency incidents outside fire districts where effective protection to life and property can be rendered.	<b>Actual</b> 7,836
2.6.6 Assistance will be provided for all declared civil defence emergencies where the Fire Service is called.	<b>Actual</b> None declared.
2.6.7 Obligations under the agreed Civil Defence plan will be fulfilled, as shown through post-emergency audits.	<b>Actual</b> None declared.
2.6.8 To ensure the Fire Service continues to improve the use of resources and improve fire attack techniques, responses will be monitored through post incident operational audits in accordance with the National Commander's operational instructions. The audits will determine whether tactically appropriate actions were taken and how improvements can be made in the future.	<b>Achieved</b> 22 audits conducted.

\* Indicates the results were affected by industrial action – see note on page 65.

**Output Class 3** National rural fire authority administration  
(Sections 14A, 17X and 46A to 46L of the Fire Service Act AND section 18 of the Forest and Rural Fires Act)

**Output 3.1 Advice and support to Rural Fire Authorities and Regional Rural Fire Committees**

This output covers providing advice and assistance to rural fire authorities and regional rural fire committees so they can carry out their role. The output includes providing written advice and interpretations of legal requirements of rural fire authorities.

Financial Performance	Actual	Budget
Net expenditure \$000	927	945

Performance Measure	Actual Performance
3.1.1 Regional rural fire committees will be maintained by the National Rural Fire Officer in accordance with section 17X (1) (d) of the Fire Service Act 1975.	<b>Achieved</b> 14 committees in place.
3.1.2 Administrative and technical support will be provided for regional rural fire committees	<b>Achieved</b>
3.1.3 At least 95% of regional rural fire committee members will indicate they are satisfied with administrative support and meeting facilitation as determined by independent survey.	<b>Not Achieved</b> 82%
3.1.4 Establish, amend and revoke rural fire districts as required in accordance with section 4 of the Forest and Rural Fires Act 1977.	<b>Achieved</b> Two revoked, one amended and one established.

**Output 3.2 Rural Fire Fighting Fund and grant assistance schemes.**

This output covers administration of the grant assistance scheme (to provide for Rural Fire Authorities operational readiness) and the rural fire fighting fund (which reimburses some of the costs of attending incidents).

Financial Performance	Actual	Budget
Net expenditure \$000	773	995

Performance Measure	Actual Performance
3.2.1 An estimated 40 rural fire authority applications for grant assistance will be actioned during the year:	<b>Achieved</b> 44 applications actioned.
3.2.2 Rural fire authorities will be advised of the results of their grant applications within two months of the application cut-off date.	<b>Not Achieved</b>
3.2.3 All approvals for grant assistance applications will be in accordance with Rural Fire Management Code of Practice requirements and Fire Service Commission policy as verified by internal audit.	<b>Achieved</b>
3.2.4 An estimated 100 claims under the rural fire fighting fund will be actioned during the year:	<b>Achieved</b> 85 claims actioned.
3.2.5 90% of rural fire authorities will be advised of the results of their applications within two months of their applications being lodged with the National Rural Fire Authority.	<b>Achieved</b> 90%
3.2.6 95% of claim decisions will be accepted without recourse to mediation.	<b>Achieved</b> 100%

### Output 3.3 Rural Fire Management Code of Practice

This output comprises the services provided to increase the preparedness of rural fire authorities. This includes the national co-ordination of matters relating to rural fire control, and the maintenance and application of the Rural Fire Management Code of Practice. It also includes the provision of accurate fire weather information designed to warn the general public of the extent and intensity of fire danger in rural areas during the fire season period, 1 October to 30 April.

Financial Performance	Actual	Budget
Net expenditure \$000	189	218

Performance Measure	Actual Performance
3.3.1 Operational audits of 18 of the 106 rural fire authorities and an estimated 12 re-audits will be completed by end of the year:	<b>Achieved</b> 19 audits and nine re-audits.
3.3.2 Audits will be carried out in accordance with the Rural Fire Management Code of Practice.	<b>Achieved</b>

Performance Measure		Actual Performance
3.3.3	Rural fire authorities will receive written reports on RFMCOP audits and re-audits within two months of audit completion.	<b>Achieved</b> 100%
3.3.4	95% of audits and re-audits will be accepted by rural fire authorities without the need for mediation.	<b>Achieved</b> 100%
3.3.5	Fire weather information will be available to all rural fire authorities on a daily basis during the fire season and at least monthly at other times.	<b>Achieved</b>
3.3.6	Fire weather information will be updated daily by 3pm on 95% of days during the fire season.	<b>Achieved</b> 95%
3.3.7	An estimated 90 fire danger notifications will be issued to the news media during the fire season.	<b>Achieved</b> 44 danger notifications to the media.
3.3.8	Advice will be sent to relevant news media by 3pm on 95% of the days when fire danger is very high or extreme.	<b>Achieved</b> 100%
3.3.9	The National Rural Fire Officer will declare prohibitions in accordance with section 20 of the Forest and Rural Fires Act 1977. Prohibitions will be when the weather or other conditions present an extreme fire hazard whereby life and property may be endangered by the outbreak of fires in a specified area.	<b>Achieved</b> None declared. Fire weather monitored during the year.

### Output 3.4 Advice to the public and to key groups

This output includes advice to the public and to key groups about:

- Mitigation and hazard reduction to reduce the consequences of wildfires on forest and rural lands
- Fire safety behaviour appropriate to the use and enjoyment of forest and rural land
- Liability that landowners and members of the public have for fires which they cause.

The output includes the training and education of persons engaged in rural fire management in the prevention and suppression of fires.

Financial Performance	Actual	Budget
Net expenditure \$000	330	394

Performance Measure	Actual Performance
3.4.1 Co-ordinate an education and promotion campaign during the fire season in partnership with rural stakeholders, to raise public awareness of the hazards associated with fire in forest and rural areas.	<b>Achieved</b> Campaign carried out jointly with DOC, New Zealand Defence and New Zealand Forest Owners Association.
3.4.2 Advice will be provided to landowners in conjunction with rural fire authorities to ensure they: <ul style="list-style-type: none"> <li>• are aware of their legal obligations</li> <li>• have the knowledge to make fire-safe decisions concerning the management of their own property and the safeguarding of neighbouring properties.</li> </ul>	<b>Achieved</b>
3.4.3 An estimated 78 people will be trained using the rural fire tutorial packages.	<b>Achieved</b> 63
3.4.4 95% of trainees in rural fire will meet the knowledge requirements of the New Zealand Qualifications Authority unit standards.	<b>Achieved</b> 85% passed and 15% going through re-sit process.
3.4.5 To promote and encourage research in matters relating to rural fire control in partnership with rural stakeholders to: <ul style="list-style-type: none"> <li>• better manage the risk of fire</li> <li>• better understand fire behaviour in different fuel types</li> <li>• provide improved standards for fire preparedness</li> <li>• improve the understanding of fire ecology in land management.</li> </ul>	<b>Achieved</b>

# Map of Fire Regions



