



Enhancing Community Security

Hai marumaru mo te iwi whanui



Our Vision

Working with communities to protect what they value.

Our Mission

To reduce the incidence and consequence of fire and to provide a professional response to other emergencies.

Our Values

Serving our Communities

Integrity

Adaptability

Skill

Comradeship



FIRE
R E S C U E
Whakarātanga Iwi

New Zealand Fire Service Commission Annual Report

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New Zealand Fire Service Commission

Annual Report

Hon Rick Barker
Minister of Internal Affairs
Parliament Buildings
WELLINGTON

Dear Minister

In accordance with the Public Finance Act, I present the annual report of the New Zealand Fire Service Commission for the year ended 30 June 2005.

Fire Outcomes

The Commission annually reviews its statement of strategic priorities to provide the New Zealand Fire Service with clear guidance in its annual business planning process. The Commission's top priority is improved community fire outcomes through fire prevention, fire safety and better response.

This priority asserts that the primary responsibility of fire services is to reduce the incidence of fire and its consequences for communities. A key outcome indicator monitored in this area is residential fire fatalities. I am pleased to report that residential fire fatalities fell to just 19 in 2005. This represents an incident rate of 0.47 fatalities per 100,000 population and puts New Zealand in the best two or three countries internationally.

Other key indicators of fire outcomes for communities, property and the environment are set out in the table below.

Avoidable Residential Fire Fatalities		Fire Injuries to Public		Fires Contained to Room of Origin (%)		Hectares lost to Wildfire	
2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05
23	19	408	381	81%	81%	7,626	3,403

Some natural variability is to be expected when comparing fire statistics over time so it is important to consider the longer-term trend rather than the short-term variations. In this respect the 10-year comparative table below demonstrates that the Commission continues to make substantial progress across a broad range of fire outcome measures.

Avoidable Residential Fire Fatalities		Fire Injuries to Public		Fires Contained to Room of Origin (%)		Hectares lost to Wildfire	
10-year	2004/05	8-year	2004/05	10-year	2004/05	10-year	2004/05
24	19	391	381	79%	81%	6,965	3,403

New Fire Legislation

In December 2004 the Minister of Internal Affairs published a discussion document entitled "New Fire Legislation: The functions and structure of New Zealand's fire and rescue services". The paper set out a number of proposals to unify New Zealand's fire risk management framework and invited interested parties to make submissions on the proposals. The Commission forwarded a comprehensive submission in response to the invitation. I am advised that analysis of the submissions received is complete and that a decision is awaited to take the process to the next stage. The Commission looks forward to this initiative being progressed at the earliest opportunity.

The Holidays Act

On 22 August 2005 the Employment Court determined that the long-standing "days in lieu" provisions of the Firefighters Collective Employment Agreement do not meet the requirements of the Holidays Act 2003. The effect of the decision is that the Commission is required to provide every firefighter who works on a statutory holiday with an additional day's leave on a day the firefighter would otherwise be rostered to work. We have

assessed the cost of giving effect to this decision as \$4.5 million per annum. In accordance with relevant accounting standards we have had to recognise in this year's accounts the estimated cost (\$5.953 million) of discharging the accumulated days in lieu obligation since the Act came into effect on 1 April 2004. At the time of writing the Commission is taking advice on appealing the decision of the Employment Court.

Acknowledgements

I extend my thanks to the members of the Commission for their personal support during the year. On behalf of the Commission I again acknowledge the contribution of Mike Hall, Chief Executive, his management team and all staff and volunteers.

Yours sincerely

Dame Margaret Bazley DNZM
Chairperson

Commission Overview

Commission Membership

The New Zealand Fire Service Commission is a Crown agent for the purposes of the Crown Entities Act 2004. Members of Crown agents are appointed by the Minister having regard to criteria set out in the Crown Entities Act 2004 and the Fire Service Act 1975. Membership of the Commission remained unchanged during the year under review. The members were:

Dame Margaret Bazley, DNZM, Chairperson
 Mr Terry Scott, Deputy Chairperson
 Ms Angela Foulkes, member
 Dr Piers Reid, member
 Mr John Hercus, member.



Statutory Functions of the Commission

The Commission has four principal functions:

- Co-ordination of fire safety throughout New Zealand (section 20 and 21 of the Fire Service Act 1975 and section 47 of the Building Act 2004)
- Governance of the New Zealand Fire Service (section 25 of the Crown Entities Act 2004 and section 14 of the Fire Service Act 1975)
- Exercise of the functions of the National Rural Fire Authority (section 14A of the Fire Service Act 1975 and section 18(2) of the Forest and Rural Fires Act 1977)
- Receipt and audit of the proceeds of the Fire Service levy (sections 47B and 48 to 53A of the Fire Service Act 1975).

Co-ordination of Fire Safety

The Commission discharges its responsibility to co-ordinate and promote fire safety throughout New Zealand in a variety of ways. The Commission:

- Develops an annual Fire Safety Promotion plan based on comprehensive analysis of incident data and other information.

- Monitors the level of fire safety awareness in the community through regular surveys of at-risk communities and the wider population.
- Publishes a comprehensive range of fire safety brochures on topics as diverse as electric blanket testing, safe use of candles, Guy Fawkes night and affordable residential sprinkler systems.
- Runs an annual FireWise campaign on national television targeted at specific risk groups and monitors the effect of the campaign.
- Manages in partnership with the Historic Places Trust a strategy for the fire protection of historic and heritage buildings.
- Operates in partnership with iwi and the Historic Places Trust programmes to encourage the fire protection of whareniui and culturally significant buildings constructed from traditional materials.
- Applies to the Building Industry Authority, now the Department of Building and Housing, for determinations on buildings it considers do not comply with the Building Code. In 2004 the Commission applied for a determination on an 18-storey high-rise apartment building with a single means of escape. The determination found that the building did not comply with clause C2 of the Building Code but waived the requirement to comply subject to certain other conditions being satisfied. The Commission will closely monitor how the consenting authority and the building owner give effect to the conditions.

- Promotes fire safe codes of practice for special occupancies such as:
 - Back-country huts
 - Homestay and backpacker accommodation
 - Schools and other educational facilities
 - Hospitals and rest homes
 - Places of detention
 - Housing New Zealand houses and apartments.
- Awards research contracts on fire safety subjects to the value of \$500,000 per annum. Contracts awarded in 2004/05 covered research into:
 - Fourteen-day fire weather forecasts
 - Commercial and industrial fire safety
 - International approaches to reducing deliberately lit fires
 - Spatial prediction of wildfire hazards
 - Fire safety strategies for Pacific peoples
 - Unwanted fire alarm activations
 - Fire loss reduction in New Zealand industrial buildings
 - Implications for fire safety of the revised purposes of the Building Act.
- Hosts seminars to publicise and disseminate the learning and knowledge derived from research contracts let in previous years. Presentations at the 2004 Fire Safety Research seminar held at the University of Canterbury covered:
 - Fire safety considerations in heritage buildings
 - Fire risk modelling in tall buildings.
- Established a Firefighter Scholarship that assists firefighters to travel abroad to study a matter relevant to the strategic direction of the Commission and potentially capable of implementation in the New Zealand context. The first award was made to a Christchurch-based firefighter to study the Canadian fire smart programme.
- Funds a lectureship in fire engineering at the University of Canterbury and five scholarships for post-graduate studies in fire engineering. Since the establishment of the fire engineering programme at the University of Canterbury 93 students have graduated and 37 are currently enrolled. Follow-up by the University of Canterbury shows these graduates are highly sought after in both the construction industry and regulatory organisations.
- Provides advice to building consent authorities on certain aspects of building consent applications. Pursuant to section 47 of the Building Act 2004 the advice must be confined to:
 - Provisions for means of escape from fire
 - The needs of persons who are authorised by law to enter the building to undertake firefighting.

Immediately following the passage of the Building Act 2004 the Commission approved the establishment of a small Design Review Unit to receive, consider and respond to the relevant building applications. The Commission considers the implementation of this new statutory function a key strategic issue for 2005/06 and has approved:

 - Measures against which the Design Review Unit will report regularly
 - An independent review of the quality of advice provided in year one
 - The basis on which the cost of providing this service will be recovered from consenting authorities.

Governance of the New Zealand Fire Service

The Commission discharges its principal governance responsibilities through:

- Appointment of the Chief Executive. Mike Hall was appointed to the position of Chief Executive of the New Zealand Fire Service in May 2001 for a term of five years.
- The Performance Agreement. The terms and conditions of the Employment Agreement with Mike Hall include specific performance expectations. The Commission assessed the Chief Executive's performance against the expectations in May 2005.
- The Instrument of Delegation. This document delegates to the Chief Executive certain of the Commission's statutory powers subject to relevant policy direction. The delegation dated 20 June 2001 and a subsequent variation dated 20 December 2002 remained in force during the year under review.

- The Statement of Intent. This document sets out the high level objectives of the Commission and the services it will provide to achieve those objectives. Supporting details in the document establish the quantity, price, quality and timeliness of the outputs to be delivered and must be consistent with the Estimates of Expenditure approved by the Minister. The 2004/05 Estimates of Expenditure were approved by the Minister on 2 July 2004 and the Minister received the Statement of Intent on 9 July 2004.
- The Audit Committee. This committee advises the Commission on risk management, policy compliance, the annual internal audit programme and statutory reporting. The committee also liaises closely with the external auditor. Members of the audit committee comprise Alan Isaac, the independent chairperson, and Commission members Dame Margaret Bazley, Angela Foulkes, Dr Piers Reid and John Hercus.

During the course of the year under review the Committee entered into an agreement with Audit New Zealand to undertake a major review of the internal audit function of the New Zealand Fire Service. The review covered:

- The framework for prioritising internal audit work
- Accountability and reporting lines
- Levy compliance
- Relationship with external audit.

The final report was due to be received by the Audit Committee in October 2005.

- Implementation of the Crown Entities Act 2004. The Crown Entities Act establishes a standard governance and accountability framework for all Crown entities. The Commission participated in the consultation exercises preceding the passage of the legislation and was pleased that all its initial concerns were addressed by one means or another. As the Act places a higher level of accountability on the Commission for the financial performance of the entity the Commission is progressively reviewing all of its prudential policies and board procedures to ensure they comply with the new provisions. The transition arrangements of the Act provide for certain reporting provisions to apply only with effect from the 2005/06 financial year but the Commission has elected to apply the new provisions to the period under review where possible.

National Rural Fire Authority

Responsibility for the delivery of rural fire prevention and suppression services rests with fire authorities – mostly local government territorial authorities but also the Department of Conservation, the New Zealand Defence Force, private forest plantation owners and other special purpose entities. The Commission acting as the National Rural Fire Authority (NRFA) 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 by rural fire authorities in fighting rural fires. Highlights of the year under review included:

- Area lost to Wildfire. Returns from fire authorities show 4,710 wildfires were responded to and 3,403 hectares were lost. This is 49% down on the 20-year average loss of 6,611 hectares and represents an excellent result given the relative severity of conditions experienced during the 2004/05 fire season.
- New roles. Amendments to the Fire Service Act 1975 and the Forest and Rural Fires Act 1977 passed in May 2005 require the National Rural Fire Authority to:
 - Establish a schedule of rural fire standards
 - Audit fire authorities' compliance with the standards
 - Evaluate the overall performance of fire authorities.

Implementing these new roles will require substantial consultation with a wide range of stakeholders and clear articulation of the standards, audit and evaluation procedures before they are finalised. The Commission has established appropriate monitoring procedures and measures in light of the strategic importance of the new roles.

Levy Receipt and Audit

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

- Rural Fire Fighting Fund
- Actual net expenditure of the Commission.

The rate of levy is reviewed annually by the Minister of Internal Affairs. The review undertaken during the course of the year resulted in no change to the rate of 7.3 cents per \$100 of insured value that first came into effect on 1 March 2001.

The Commission continued a comprehensive audit programme of insurers and brokers during the year under review. The audits were conducted by an auditor with specialist knowledge of the insurance industry employed by the Commission. The audit objectives were to:

- Provide an opinion on the level of compliance with the levy provisions of the Fire Service Act 1975.
- Identify and recover any levy due but not received by the Commission.
- Identify the extent to which the adoption of certain policy structures affects the quantum of levy due.
- Identify organisations that may have moved their insurance offshore to enable subsequent audits of these organisations to determine that levy due is being remitted to the Commission.
- Highlight any significant developments within the insurance industry which may affect the future income base of the Commission.

2004/05 Levy Audit

This year's audit covered 17 major insurance companies and brokers. Much larger sample sizes were able to be tested at two auditees' sites by utilising the companies' own reporting systems. This provides a higher level of confidence that the audits are accurately capturing the underlying compliance levels and will be extended to other sites in 2005/06.

Measured as a percentage of total levy revenue, overall compliance is assessed at 92%, which is considered satisfactory. Late payment is the principal cause of non-compliance followed by lack of support for indemnity value and omission of levy on automatic policy extensions.

Un-insurance

The Commission is dependent on the levy on contracts of fire insurance for 96% of its income.

A small proportion of households and businesses are unable to afford insurance and therefore do not contribute to the costs of running the Fire Service although they continue to receive the benefits provided by it. "Free riders" are an accepted consequence of an insurance-based funding system and have not been a major concern to successive Commissions over the years. Very occasionally, however, the Commission becomes aware of a major corporate that elects not to insure its fire risk for sound risk management reasons particular to the company. In these cases the Commission first undertakes an extensive audit to verify that the company is indeed "uninsured" and then seeks to negotiate a good citizen contribution in lieu of levy. In 2004/05 a prominent New Zealand corporate operating in a sector with a relatively high fire risk agreed to a significant "good citizen" contribution and expressed a willingness to consider annual contributions in the future.

Indemnity Value

Section 48 of the Fire Service Act provides that in certain circumstances the levy due may be calculated not on the amount for which the property is insured but on "indemnity" value. Indemnity value may be determined by either a declaration of the owner or a registered valuer, quantity surveyor etc. Indemnity value is not defined in the Act and there is wide disagreement within the valuation profession on how it is to be derived. In 2004/05 the Commission became aware of advertisements online offering indemnity valuations for "Fire Service levy purposes". Historically, indemnity valuations provided to the Commission by those insured have ranged from 40% to 60% of replacement value. In 2004/05 the Commission strongly contested an indemnity valuation on a major New Zealand industrial plant assessed at 7% of the replacement cost of the property. The parties agreed that the indemnity valuation provided was not reasonable and resolved that levy would be calculated and paid on a much higher valuation.

First Loss and other Structures

The 2004/05 levy audit disclosed more widespread adoption of first loss policy structures. The effect of these is to reduce liability to levy. The Commission is currently taking advice on several of the more extreme examples of these structures with a view to testing whether levy has been properly calculated and paid on them.

Chief Executive Overview

The 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 2004/05.

Emergency Responses

The Fire Service responded to 65,461 emergency incidents during the 2004/05 year. The following table provides a breakdown of the incidents.



	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00
Fires	21,837	21,580	22,626	20,298	21,270	20,358
Hazardous emergencies	2,917	3,073	3,051	2,857	2,481	2,448
Medical emergencies	3,841	2,171	2,974	3,040	3,250	2,515
Motor vehicle incidents (excluding fires)	5,039	4,619	4,803	4,820	4,774	5,467
False alarms	24,741	24,432	25,867	25,862	27,445	24,548
Other emergencies	7,086	8,629	4,845	5,560	5,258	4,529
Total	65,461	64,504	64,166	62,437	64,478	59,865

Stakeholder Consultation

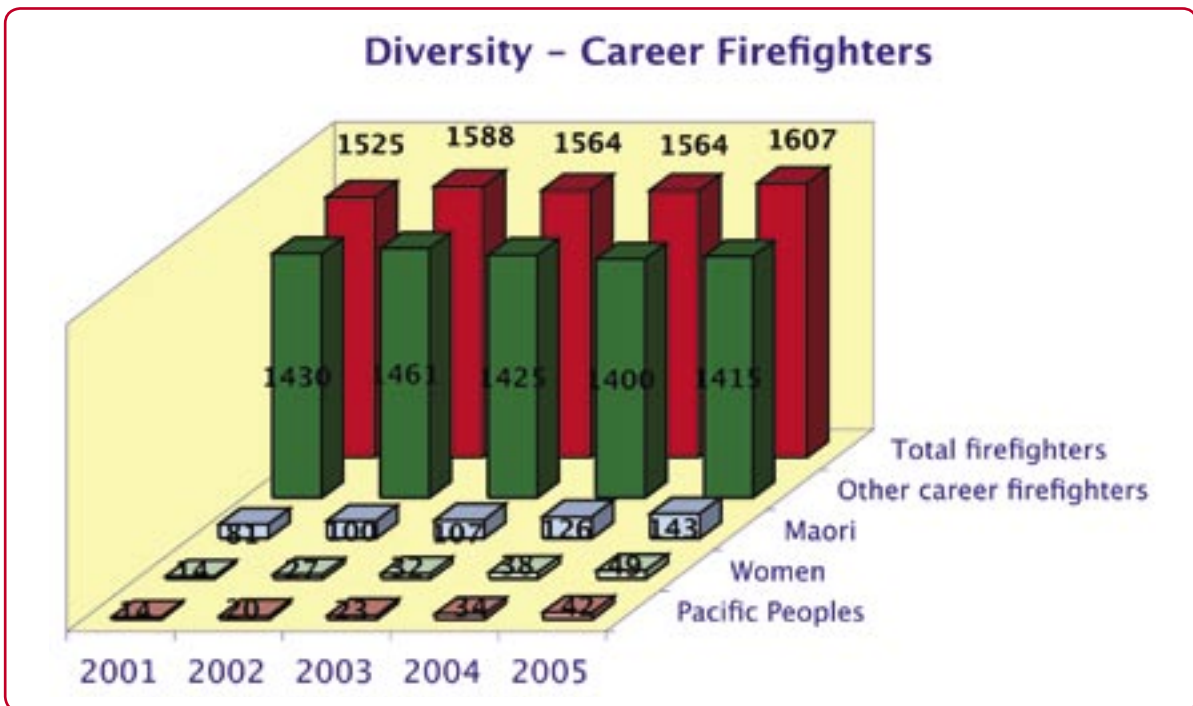
Strong emphasis on stakeholder consultation was continued during 2004/05.

Consultation at the national level included:

- Briefings in November and April with insurance industry representatives. These briefings included Commission performance and consultation on the Commission's estimates of expenditure for 2005/06 as required by the Fire Service Act.
- Quarterly briefings with officials from government organisations including 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 issues.
- Occasional meetings with the Building Industry Authority (now the Department of Building and Housing), Building Research Association of New Zealand (BRANZ), Standards New Zealand and territorial authorities on building regulations and standards.
- Meetings with the United Fire Brigades Association (UFBA) concerning volunteer issues.
- Meetings with the Professional Firefighters Union on operational issues affecting paid firefighters.
- Regular meetings with representatives in the rural fire industry.

Equal Employment Opportunities

Positive progress was made in attracting, recruiting and retaining women, Maori and Pacific peoples into the Fire Service. The following graph shows the diversity profile of career firefighters from 2001 to 2005.



The following are the key achievements of the Fire Service against its 2004/05 EEO programme.

Holding the annual EEO forum

In June, the annual EEO Forum was held at the Royal New Zealand Police College, Porirua. This year the forum considered the wider issue of diversity in the Fire Service, as captured by its title, All Different, All Equal. Attendees included management, support staff, firefighters (volunteer and career) and representatives from both the United Fire Brigades Association and the New Zealand Professional Firefighters Union. Speakers from New Zealand Army, New Zealand Police and WAVE (Workers Against Violence in Employment) provided case studies that generated stimulating debate in the Fire Service context. Recommendations from the forum will be used in developing the 2005/06 EEO programme and feeding into the development of a wider five-year diversity plan.

Developing language capability

The Fire Service has recognised that developing its language capability will help it to deliver critical fire safety messages to a wider range of communities. Tikanga Maori remains an important part of the induction process for operational personnel.

In addition, the new induction process established for support personnel includes an overview of the Treaty, its history and how responsiveness to Maori assists our mission. Seven people were awarded funding to develop their Maori language skills through the Dr Sir John Ahikaiata Turei Memorial Grant. A Pacific languages grant was again available for personnel. The book "New to New Zealand" has been distributed to fire stations with career personnel to assist in interaction with minority ethnic groups.

Developing a work place harassment/ bullying strategy

Members of the Senior Management Team and the New Zealand Professional Firefighters Union executive came together to agree processes for handling and eliminating harassment and bullying within the Fire Service. Considerable work still needs to be undertaken in this area.

Kaumatuas visits

Regions have responded well to Dr Hare Puke's appointment as Kaumatua. Three regional visits have occurred this year. He will continue to move around the country as he establishes contacts within each fire region.

Raising awareness of EEO

The new induction process established for support personnel includes an overview of EEO in the New Zealand Fire Service. Internal communications using the Fire and Rescue magazine and intranet were used to highlight EEO initiatives.

Support group for Pacific peoples

In April a fono (meeting) was held for Pacific Island firefighters employed by the New Zealand Fire Service. The meeting was attended by the Director of Human Resources and the Fire Region Manager Auckland. The group discussed strategies to establish a formal network and a way to work with other similar groups established in the organisation. Strategies to assist in fostering Fire Service/Pacific community relationships were also discussed.

Contributing to Enhanced Community Security

The Commission contributed to enhancing community security in two ways:

- Through its planning and operational response to a range of non-fire emergencies
- Through improvements to the way it identifies communities which have the potential to be severely impacted by high-impact fires.

Planning and response to non-fire emergencies

The Commission contributes to the wider emergency management field through its participation in emergency management groups, hazardous substance and technical liaison committees, emergency services co-ordinating committees and a range of other forums. The purpose of these activities is to ensure that local communities are prepared for large-scale emergency incidents. The Fire Service is usually the first responder to these events. In 2004/05 widespread flooding struck the Bay of Plenty and Kapiti Coast areas. The Fire Service contributed to the response and cleanup capability throughout the many affected communities.



High-impact fires

Two recent incidents highlighted the need for the Commission to help potentially vulnerable communities manage high-impact fires. A fire in the Rai Valley destroyed a mussel farm, which employed many local people. In Takaka a major dairy factory was destroyed by fire, creating uncertainty about the long-term future of the community's principal employer.

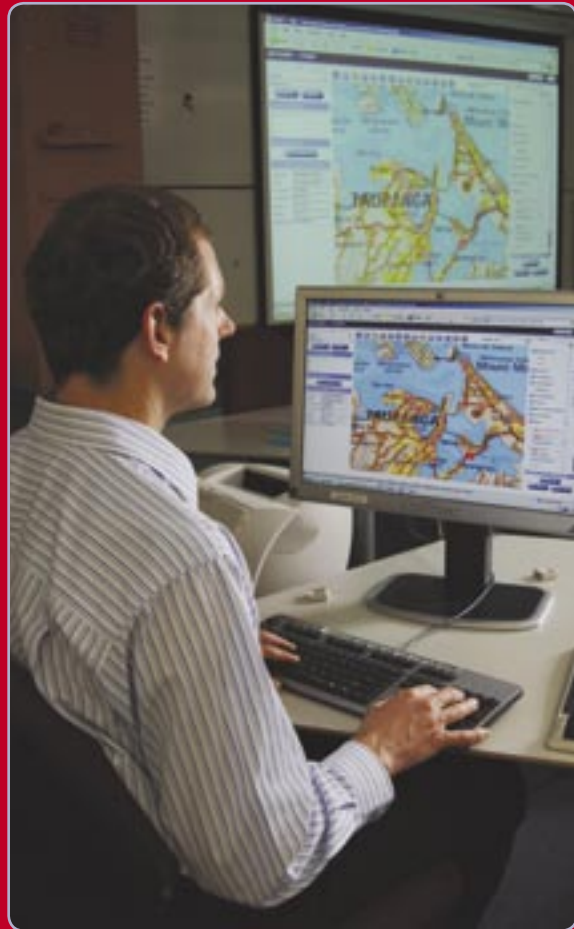
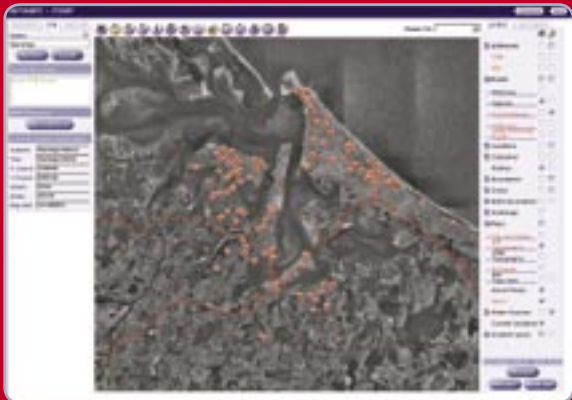


During 2004/05 the Commission let a project through the Contestable Research Fund to identify the communities throughout New Zealand that are most at-risk from a single high-impact fire. That report is being finalised and will form the basis for developing a partnership approach to addressing the fire risk for those communities.



Smart disaster management

Sophisticated information technology is an increasingly important part of the Fire Service's armoury. Fire trucks and firefighters are now backed up by a range of IT tools, whether on the incident ground or for planning their day. SMART Map is an example. Our personnel did not have to be in the Bay of Plenty in May to watch as the disastrous floods unfolded. Members of the Fire Service Commission in Wellington could see the incident in almost real time as it was defined by the calls for help. SMART Map was developed by our engineering, information, research and strategic analysis (EIRSA) team. It went live just six weeks before the floods and, based at the national crisis management centre

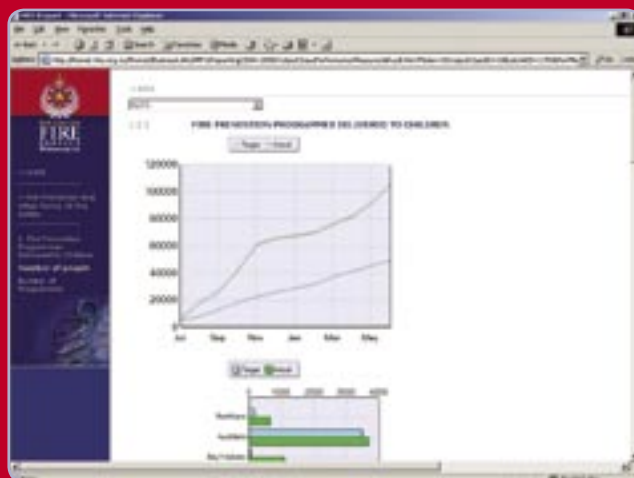


“Based at the national crisis management centre in the Beehive, it was used for disaster management for the first time in May.”

in the Beehive, it was used for disaster management for the first time in May. The technology means incidents can be viewed as they are happening. As calls come in they are graphically displayed as dots on a map, illustrating how an incident is progressing, with just a six to ten minute lag from when a call is logged at the communications centre. SMART Map gives disaster managers a clear picture of what is developing and helps with planning, no matter where they are in relation to the incident. Historical information is also available on SMART Map. Invercargill firefighters tried it out first to map where the city's chimney fires tended to happen.

Station Management System

Meanwhile our station management system (SMS) received highly-commended accolades in the Computerworld Excellence Awards. Judges said the highly impressive system was given the commendation as it supports the operations of fire stations around New Zealand and is playing a major part in a culture change towards fire prevention. Comments from judges also noted SMS's integration of many previously disparate information sources provides a holistic view of the service, not just to management but to all firefighters, empowering them to plan their business and work to meet the organisation's overall objectives. SMS manages statistics and information for operational staff and is designed to ensure stations have accurate information.



The SMS team in the engine room at national headquarters are, from left: Doug Taylor, Peter Clemerson, Gavin Hall, Neil Upton, Gabrielle Lovering, Brendon Ford, Ian Pickard, Dirk Catsburg and Mason Pratt.

Photo courtesy Comptureworld

The system can profile building risk, record statistics from emergency incidents and support community education, skills training and non-emergency task planning and management. The aim is to use SMS to help reduce the numbers of fires and their consequences and to help the Fire Service respond to emergencies. The system uses .net and web services and interfaces with 17 other systems and a mixed fatclient Citrix PC/Winterm network. Data includes evacuation schemes, a building risk register and operational and management plans. SMS has allowed Fire Service personnel to better manage non-emergency time and to spend this time on fire safety and prevention. SMS also contributes to and supports a major change in business process and culture within the New Zealand Fire Service. Namely the “bottom up” approach to station and district work planning – non-emergency tasks are identified, planned, allocated and scheduled by the



station staff themselves, using their local knowledge. Important information is also made available online to other government organisations, such as evacuation scheme status, enabling their business processes to be greatly simplified.



Photo courtesy Timaru Herald.

“Non-emergency tasks are identified, planned, allocated and scheduled by the station staff themselves, using their local knowledge...”

Statement of Responsibility

for the year ended 30 June 2005

Pursuant to 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 and non-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 2005 set out on pages 18 to 76 fairly reflect the financial position and operations of the New Zealand Fire Service Commission.

Dame Margaret Bazley DNZM
Chairperson
28 October 2005

Angela Foulkes
Member of Commission
28 October 2005

Mike Hall
Chief Executive
28 October 2005

Audit Report

To the readers of the New Zealand Fire Service Commission's Financial Statements for the year ended 30 June 2005.

The Auditor-General is the auditor of the New Zealand Fire Service Commission (the Commission). The Auditor General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Commission, on his behalf, for the year ended 30 June 2005

Unqualified Opinion

In our opinion the financial statements of the Commission on pages 18 to 76:

- Comply with generally accepted accounting practice in New Zealand; and
- Fairly reflect:
 - the Commission's financial position as at 30 June 2005;
 - the results of its operations and cash flows for the year ended on that date; and
 - its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 28 October 2005, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Commission and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgments made by the Commission;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Commission and the Auditor

The Commission is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Commission as at 30 June 2005. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Commission's responsibilities arise from the Public Finance Act 1989 and the New Zealand Fire Service Act 1975.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out assignments in the areas of contract tender assurance reviews, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Commission.

John O'Connell

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

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of New Zealand Fire Service Commission (NZFSC) for the year ended 30 June 2005 included on NZFSC's website. The Chief Executive is responsible for the maintenance and integrity of the NZFSC's website. We have not been engaged to report on the integrity of the NZFSC's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

We have not been engaged to report on any other electronic versions of the NZFSC's financial statements, and accept no responsibility for any changes that may have occurred to electronic versions of the financial statements published on other websites and/or published by other electronic means.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 28 October 2005 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Service Performance

For the year ended 30 June 2005

The Public Finance Act requires the Commission to report against the measures set out in the approved 2004/05 Statement of Intent. This section sets out the Commission's results against those outcomes, outputs and performance measures.

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 consequences 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 fire authorities.

Figure 1 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.

To illustrate the relationship in more detail two examples are given in this sub-section:

- Outputs relating to education and advice (figure 2)
- Outputs relating to preparing for and suppressing fires (figure 3).

Fire Outcomes - Education and Advice

This example illustrated in figure 2 shows how outputs relating to education and advice contribute to fire outcomes and Government goals.

Intermediate Outcomes

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 fire-safe behaviour and how to 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 page 25.

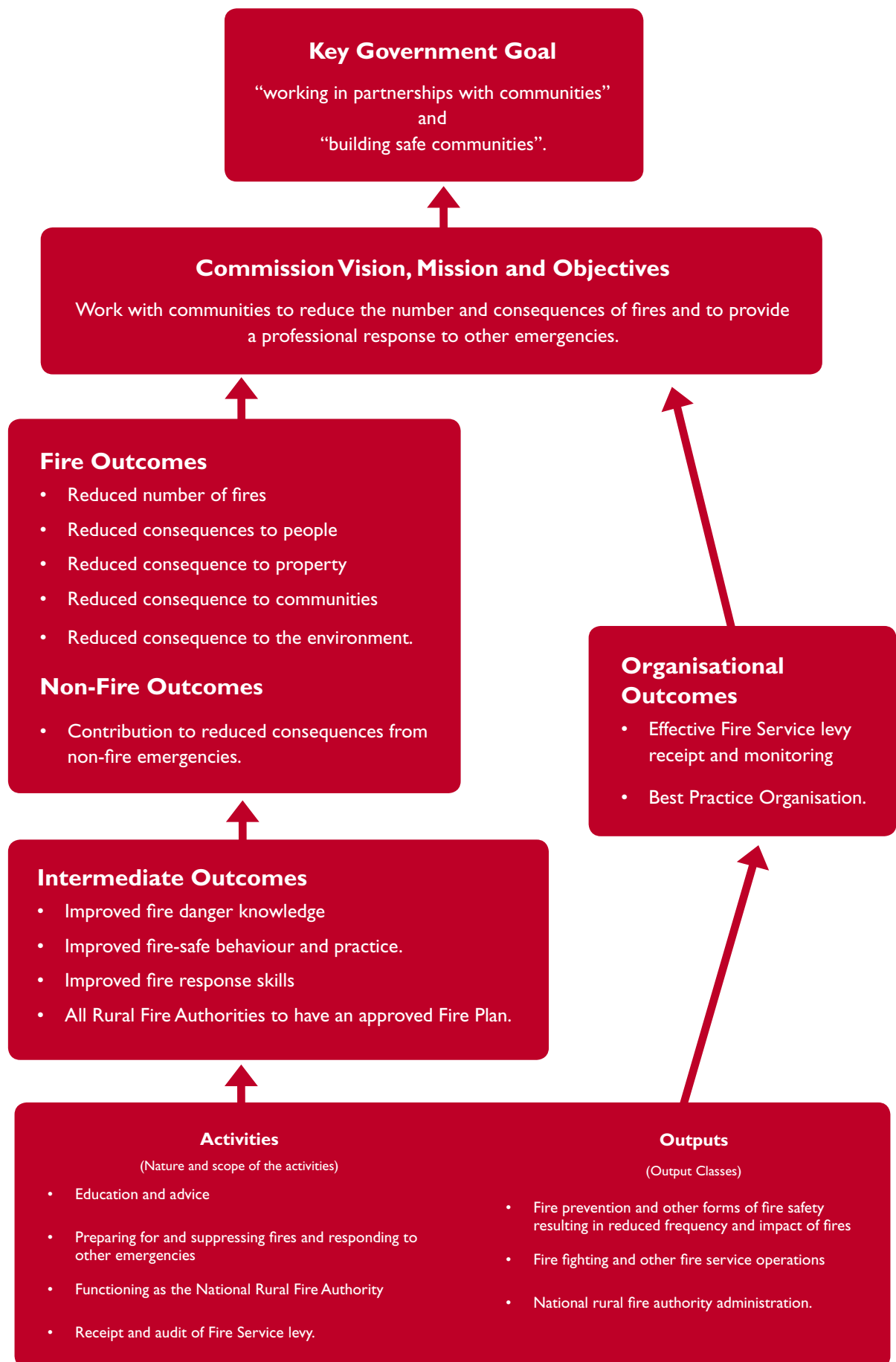
Commission Outputs

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 fire authorities with fire weather data to help monitor fire risk in rural areas.

Figure 1 - Relationship between Government Goals and Commission Objectives, Outcomes and Outputs



Fire Outcomes - Preparing for and Suppressing Fires

This example illustrated in figure 3 shows how outputs relating to preparing for and suppressing fires contribute to fire outcomes and Government goals.

Intermediate Outcome

This example 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.

Eighty-nine of the 91 fire authorities (98%) 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 service 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 fire authorities against them. The National Rural Fire Authority also provides financial assistance to fire authorities to maintain and enhance their response readiness and to reimburse a proportion of the costs associated with putting fires out.

Figure 2 - The relationship between Fire Outcomes and Education and Advice Activities

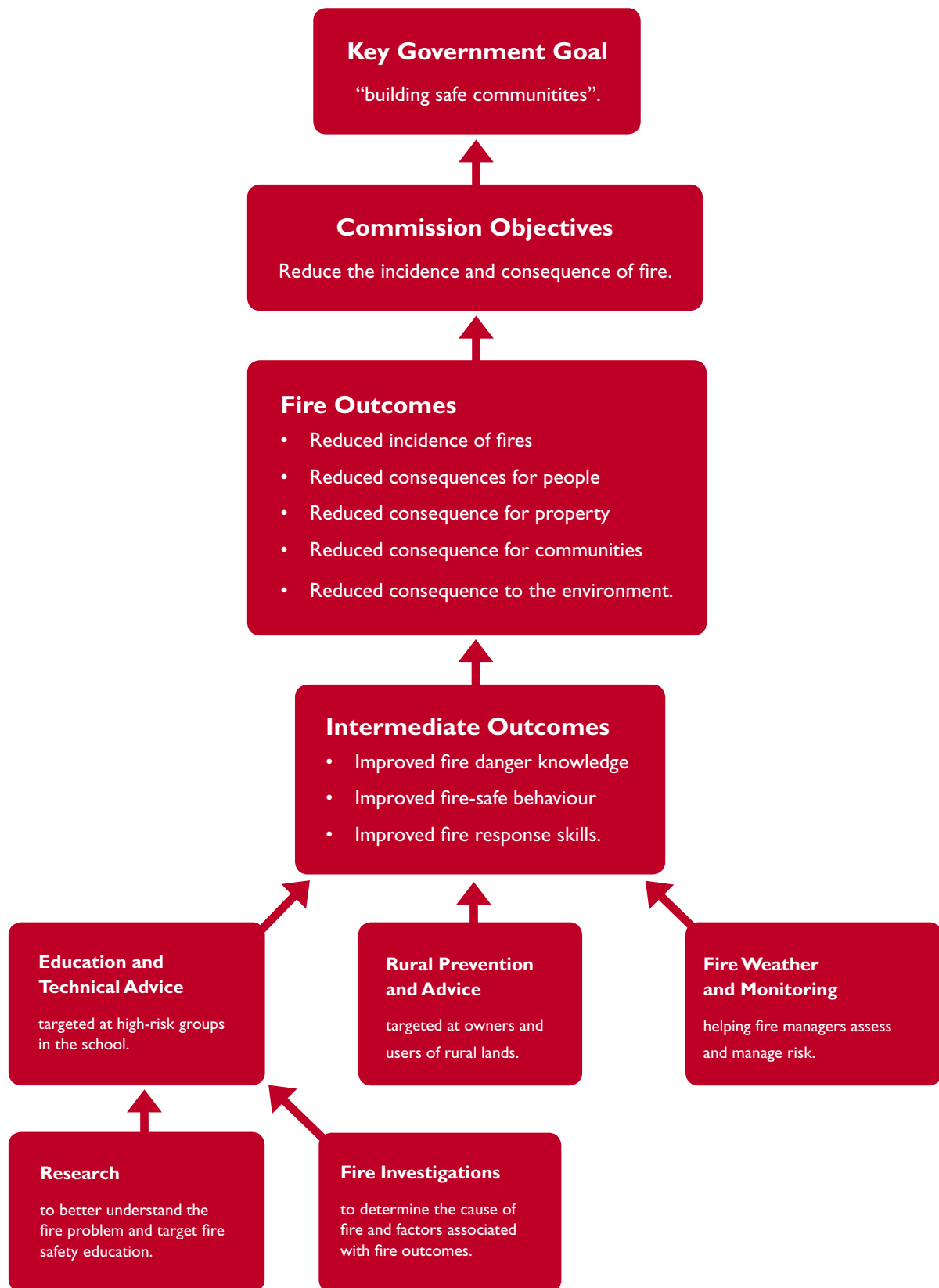
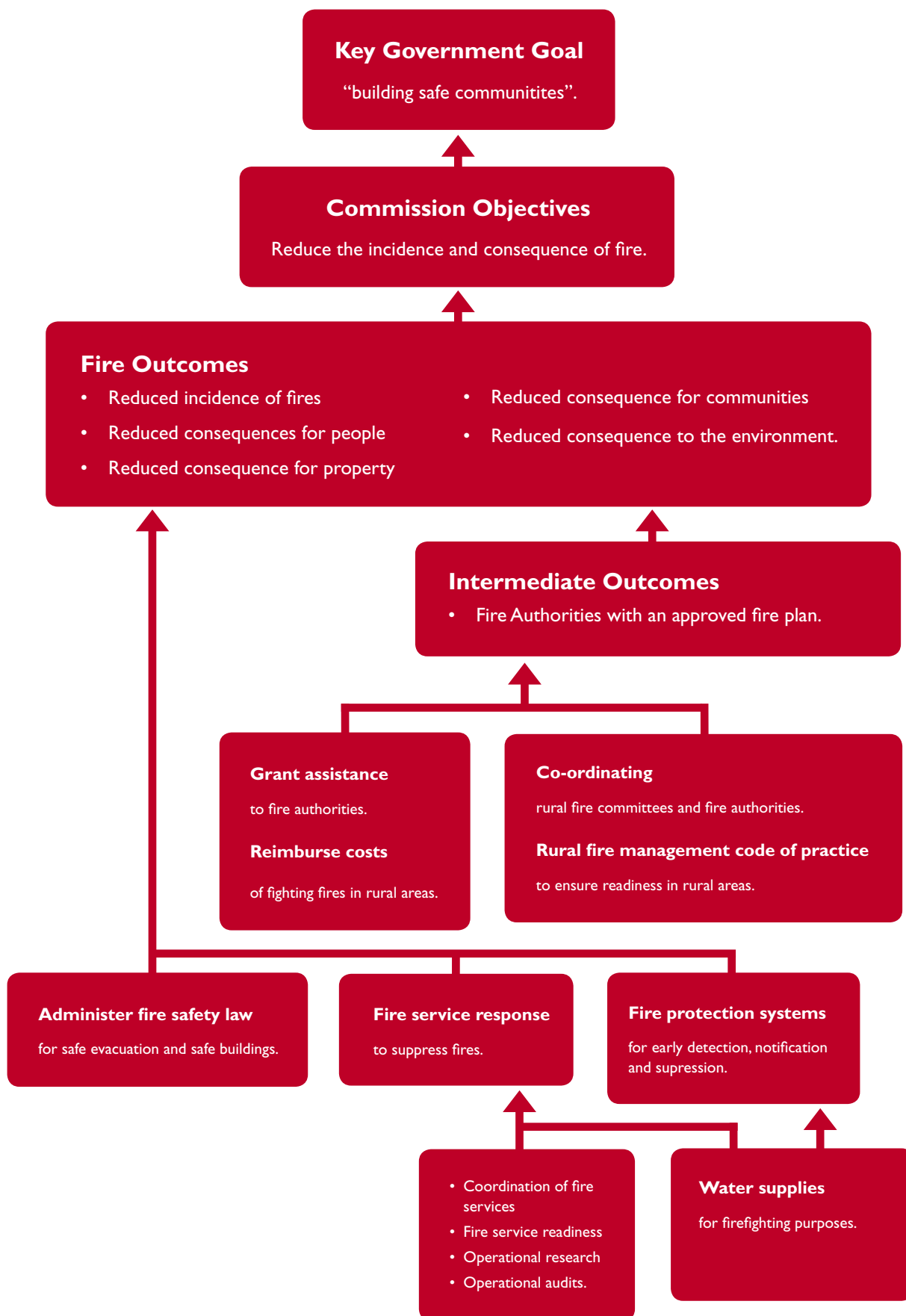


Figure 3 - The relationship between Fire Outcome and Preparing for and Suppressing Fires Activities



Statistical Reporting

The number and consequences 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.

2004/05 Completeness

The Station Management System (SMS), which contains incident information, was 99.3% complete in 2004/05. The remaining 0.7% was proportionally spread across all incident types.

2003/04 Completeness

The fire incident reporting and management system (FIRMS) was 98.6% complete in 2003/04. The remaining 1.4% was proportionally spread across all incident types.

2002/03 Completeness

The fire incident reporting and management system (FIRMS) was 99.3% complete in 2002/03. The remaining 0.7% was proportionally spread across all incident types.

2001/02 Completeness

The fire incident reporting and management system (FIRMS) was 98.7% complete in 2001/02. The remaining 1.3% was proportionally spread across all incident types.

Fire Outcomes - 2004/05 Summary

The number of fires

Total fires - 21,837 compared to 21,580 in 2003/04

Urban fires - 14,437 compared to 14,397 in 2003/04

Rural fires – 4,087 compared to 4,080 in 2003/04

Motor vehicle fires - 3,313 compared to 3,103 in 2003/04

The consequence of fire to people

Total fire fatalities - 29 compared to 48 in 2003/04

Avoidable residential structure fire fatalities - 19 compared to 23 in 2003/04

Injuries to the public from fire - 381 compared to 408 in 2003/04

The consequence of fire to property

79% of fires in structures resulted in 80% or less damage compared to 78% in 2003/04

Area lost to wildfire - 3,403 hectares damaged compared to 7,626 in 2003/04

88.2% of vegetation fires extinguished within 2 hours from notification compared to 87.9% last year

Fire Outcome Performance

This section details the Commission's performance in the achievement of outcomes during 2004/05 with data from historic years included for comparison purposes.

The results for intermediate outcomes were measured by an independent public survey carried out in August to September of each year and internal National Rural Fire Authority reporting. Fire outcome were measured through:

- The Fire Service's in-house Station Management System (SMS). They therefore reflect those incidents the Fire Service attended.
- Fire Authority returns to the National Rural Fire Authority.

Organisational outcomes were measured through in-house reporting processes.

Intermediate Outcomes

This sub-section of the annual report summarises the results of the Commission's annual fire knowledge survey. The telephone survey asks people aged 13 years and over a series of fire safety questions and is carried out between August and September of each year. It monitors the effectiveness of fire safety promotions by measuring the direct impact services (outputs) have on maintaining and improving the level of public fire safety knowledge and fire-safe behaviour. The 2005 survey shows improving results in key areas:

- Almost three quarters of people surveyed (78%) were aware of fire safety messages fire safety message. This result compares favourably to the 1999 baseline of 56%.

- Fire safety education is changing people's behaviour. Sixty-seven percent of people surveyed have taken action as a result of receiving a fire safety message. This compares favourably to the 2001 baseline of 52%.
- More houses have smoke alarms installed. Eighty-five percent of houses have at least one smoke alarm installed. This compares favourably to the 1999 baseline of 79%.

The impact of the schools FireWise programme seems to be emerging in the results of the fire knowledge survey. Five key areas, where action has been taken as a result of hearing a fire safety message, have shown greater improvements in households where children are present. The actions include:

- Not left cooking unattended
- Kept matches away from children
- Developed a plan of escape for the household
- Did not leave candles burning
- Taught others in the household to be fire safe.

Detailed results from the survey are set out in the following pages under

- Fire danger knowledge
- Fire safe behaviour and practices
- Fire response skills.

Intermediate Outcome – Fire Danger Knowledge

Seventy-eight percent of people recalled seeing or hearing a fire safety message in 2005 compared to 56% in 1999 and 48% in 1998. Knowledge that fires can develop rapidly and can become unsurvivable is increasing with 92% of people believing this could happen in five minutes or less. This compares to 70% seven years ago.

The tables below set out some of the key findings from the survey over the last seven years.

Knowledge about fire	2005	2004	2003	2002	2001	2000	1999
People who estimate a fire can become unsurvivable in five minutes or less	92%	92%	88%	85%	80%	78%	70%
Recall of a fire safety message	78%	73%	78%	77%	75%	74%	56%
Awareness of roadside fire danger signs in rural areas	86%	83%	83%	80%	82%	85%	89%

Percent of people who perceive each of the following to be a fire risk	2005	2004	2003	2002	2001	2000	1999
Children having access to matches	90%	91%	91%	93%	95%	91%	93%
Leaving clothing to dry in front of an open fire	79%	86%	83%	82%	86%	80%	84%
Using candles in the bedroom	77%	79%	80%	80%	82%	80%	80%
Leaving clothing to dry close to or on a heater	76%	79%	79%	79%	81%	77%	76%
Leaving cooking unattended	76%	72%	72%	69%	72%	70%	70%
Using multiple plugs in the same power socket	64%	65%	65%	64%	67%	66%	63%
Leaving an electric blanket on overnight	54%	64%	62%	63%	62%	64%	63%
Using open flame heating	55%	60%	60%	55%	58%	50%	47%

Intermediate Outcome – Fire-Safe Behaviour and Practices

The percent of households with smoke alarms installed has increased steadily since 1991. Eighty-five percent now have at least one smoke alarm installed with 23% of households having installed four or more. Significantly, 90% of these households believe that all of their smoke alarms are working.

The percent of households with an escape plan remains fairly static at 54% from 56% last year.

The table below sets out some of the key findings from the 2005 survey.

Fire-safe behaviour and practice	2005	2004	2003	2002	2001	2000	1999
Households with at least one smoke alarm installed	85%	91%	87%	84%	81%	81%	79%
Households with four or more smoke alarms installed	23%	23%	24%	25%	24%	19%	-
Belief that all smoke alarms are working	90%	92%	87%	92%	-	-	-
Households that clean smoke alarms	59%	60%	64%	65%	66%	65%	71%
Fire escape plans developed	54%	56%	58%	54%	54%	57%	-
Households with a fire escape plan who practice it	35%	33%	36%	38%	36%	40%	-
Households where children do not have	76%	80%	81%	70%	70%	67%	65%
People who are more fire safe after seeing roadside	75%	75%	77%	73%	75%	81%	76%

Some results from the survey continue to be disappointing, particularly some attitudes towards fire safety. Fifty-one percent of the people surveyed considered that taking risks with fire is a part of human nature, this is up from 44% last year. Twenty-eight percent of people thought that most causes of serious house fires were beyond the householders' control. These results have changed little over the last seven years despite extensive promotions covering these areas. This reinforces that changing the attitudes and behaviour of this core group will only happen over the medium term and will require the help and support of a range of organisations and community groups.

The table below sets out some of the key findings from the 2005 survey.

Fire-safe behaviour attitudes - people who agree "strongly" or "a little" with:	2005	2004	2003	2002	2001	2000	1999
I consider I am very safety conscious when it comes to fire risk	89%	89%	91%	88%	88%	89%	89%
I believe I am doing everything possible to prevent the risk of fire in my household	83%	79%	82%	80%	79%	79%	74%
Taking risks with fire is part of human nature	51%	44%	51%	49%	46%	49%	43%
A serious house fire is not something that is likely to happen to my household	42%	34%	41%	36%	36%	32%	36%
Most causes of serious house fires are beyond the householders' control	28%	26%	30%	28%	26%	31%	27%
The perceived cost of smoke alarms has made me think twice about installing one	19%	19%	19%	22%	22%	20%	17%
As long as children have been taught to play with lighters and matches safely it is OK to leave them within their reach	7%	8%	9%	8%	9%	8%	7%

Sixty-seven percent of people reported taking action after they had seen or heard a fire safety message. This compares well to the 2001 baseline survey at 52%. The main actions taken are shown in the table below.

Action taken as a result of seeing a fire safety message	2005	2004	2003	2002	2001	2000	1999
Installed smoke alarms	32%	30%	43%	29%	25%	-	-
Checked the operation of smoke alarms	26%	24%	36%	26%	13%	-	-
Kept matches away from children	21%	22%	38%	21%	10%	-	-
Taught others in the household to be fire safe	17%	23%	39%	20%	9%	-	-
Do night safety checks	13%	22%	25%	14%	7%	-	-
Developed an escape plan	15%	16%	29%	16%	6%	-	-
Do not leave candles burning unattended	14%	15%	28%	15%	6%	-	-
Do not leave cooking on the stove unattended	16%	15%	29%	14%	6%	-	-
Do not leave clothes drying close to the heater	12%	14%	26%	13%	6%	-	-
Stopped drinking or drinking less while cooking	9%	11%	16%	7%	5%	-	-
At least one action taken	67%	60%	77%	65%	52%	-	-

Intermediate Outcome - Fire Response Skills

The survey results demonstrate progress in two key areas targeted by the Commission. Compared to seven years ago more people know that in the event of a fire they must first get everyone out of the house and secondly call the Fire Service. However, 20% of people would try to put the fire out. This is despite improved knowledge that fires grow quickly and become unsurvivable within a short space of time. This highlights the continued challenge the Commission faces to change behaviour. People are still prepared to take risks even when they are aware their behaviour is risky and the potential consequences are severe.

The tables below sets out some of the key findings from the 2005 survey.

Aggregate of actions taken in the event of a serious fire	2005	2004	2003	2002	2001	2000	1999
Get everyone out of the house	91%	89%	95%	93%	96%	91%	86%
Ring 111 or the Fire Service	72%	74%	75%	72%	71%	64%	64%
Get valuables out of the house	2%	1%	5%	7%	6%	12%	13%
Try to put the fire out	20%	17%	24%	21%	19%	16%	25%

Knowledge of actions to take	2005	2004	2003	2002	2001	2000	1999
Dial 111	97%	96%	96%	97%	97%	97%	98%
Give the address of the fire	100%	93%	98%	97%	94%	91%	95%

Intermediate Outcome - The Number and Percentage of Fire Authorities with an Approved Fire Plan

	Target	2004/05 Actual	2003/04 Actual	2002/03 Actual	2001/02 Actual	2000/01 Actual
Number of fire authorities *	-	91	93	101	100	102
Number of fire authorities with an approved fire plan	-	89	91	99	99	97
Percentage of fire authorities with an approved fire plan	95%	98%	98%	98%	99%	95%

* Several fire authorities merged into larger rural fire authorities during 2003/04 resulting in a large decrease in the total number of fire authorities.

Fire Outcomes

This sub-section of the annual report summarises to progress the Commission has made in reducing the incidence of fires and consequence of they have on New Zealand communities. During 2004/05 the Commission aimed to:

- Reduce the incidence of fire
- Reduce the consequence of fire to people and property
- Reduce the consequence of fire to communities and the environment.

Fire Outcome - Reduce the Incidence of Fire

	For the Year						
	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99
Fire Incidents							
Urban fires	14,437	14,397	15,128	14,072	14,139	14,076	14,825
Rural fires	4,087	4,080	4,305	3,495	4,256	2,960	3,649
Motor vehicle fires	3,313	3,103	3,193	2,731	2,875	3,322	3,607
Total fire incidents	21,837	21,580	22,626	20,298	21,270	20,358	22,081

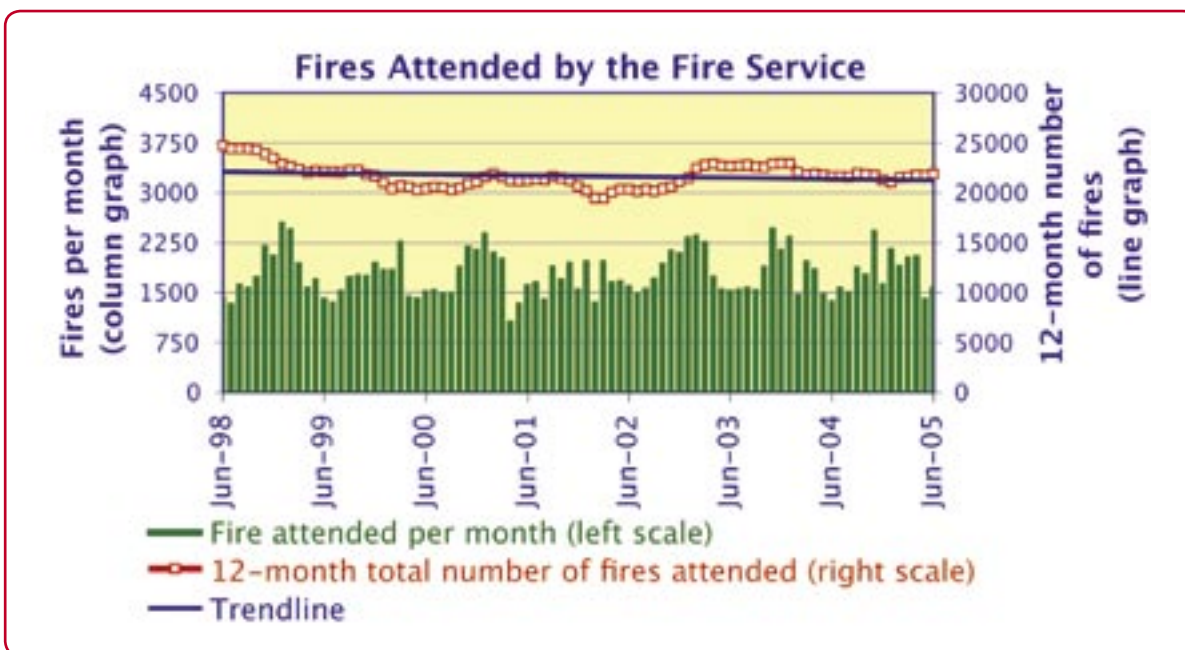
% of incidents entered into SMS 99.3%

Note: Incident data for 2004/05 has been pro-rated up from 99.3% 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.

The table above and the graph below show the total number of fires attended by the Fire Service has remained relatively unchanged over the last eight years.



This graph also shows the trend line for the 12-month rolling total number of fires attended by the Fire Service for the last eight years.

Number of Fire Incidents by Property Type

This table shows the breakdown of fire incidents by property type. There were no major changes from last year.

	For the Year					
	Per 1000 population			Number of fires		
	2004/05	2003/04	2002/03	2004/05	2003/04	2002/03
Public assembly	0.31	0.32	0.34	1,286	1,305	1,341
Educational	0.13	0.12	0.14	520	467	558
Health care and detention	0.06	0.07	0.04	264	291	146
Residential - domestic	1.57	1.54	1.60	6,422	6,208	6,374
Residential - other	0.05	0.05	0.08	210	199	316
Shop and office	0.29	0.26	0.27	1,187	1,059	1,060
Primary industry and utility property	0.32	0.35	0.38	1,306	1,432	1,527
Manufacturing property	0.13	0.12	0.13	538	502	530
Storage property	0.14	0.13	0.16	563	520	626
Miscellaneous property	2.34	2.38	2.55	9,541	9,597	10,148
Total	5.35	5.34	5.69	21,837	21,580	22,626
<i>Miscellaneous property breakdown</i>						
Misc property - outdoor areas				4,541	4,661	5,108
Misc property - roads, streets				3,160	3,137	3,118
Misc property - other				1,840	1,799	1,922

Fire Outcome – Reduce the Consequences of Fire to People

Fire Fatalities

The following table shows the breakdown of fire fatalities for the last seven years. It includes incidents the Fire Service attended plus other incidents brought to the attention of the Fire Service principally through news media coverage and results from coronial inquests. There may be some 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 from the fire following the accident. The Commission includes these fatalities in its statistics until the results of coronial investigations determine otherwise.

	For the Year						
	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99
Avoidable Residential Structure Fire Fatalities							
Residential structure fire	19	22	25	26	16	16	23
Mobile property (as residential structure)	0	1	2	0	0	1	1
Total Avoidable Residential Structure Fire Fatalities	19	23	27	26	16	17	24
Other Fire Fatalities							
Avoidable Residential Structure Fire Fatalities per 100,000 population	0.47	0.57	0.68	0.67	0.42	0.45	0.63
Residential structure - suicide/unlawful	1	3	5	2	5	4	2
Motor vehicle fires	8	14	9	7	11	5	12
Other mobile property (mostly aircraft)	1	2	1	0	10	3	0
Other suicide/unlawful	0	6	0	2	3	1	4
Other	0	0	0	1	1	0	0
Total Fire Fatalities	29	48	42	38	46	30	42

The avoidable residential structure fire fatality rate per 100,000 population reduced to 0.47 from 0.57 last year. The Commission's goal over the next five years is to maintain the rate per 100,000 population to less than 0.5. This takes into account the impact population change.

Overall the total number of fire fatalities decreased by 19 to 29 compared to 2003/04.

This graph shows avoidable residential fire fatality rate per 100,000 population on a 12-month rolling basis. The Commission's goal is to reduce and maintain the rate to less than 0.5. The overall trend has been reducing over the last eight years.



Multiple Fatality Fires

There were two multiple fatality fires in the year compared to six last year, four in 2002/03, three in 2001/02, four in 2000/01 and four in 1999/00. The two multiple fatality fires in 2004/05 were in house fires compared to two multiple fatality house fires and four multiple fatality fires following motor vehicle accidents in 2003/04.

Injuries to Members of the Public as a Result of Fire

	For the Year						
	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99
Injuries to members of the public	381	408	409	442	327	300	350
Injuries per 100,000 population	9.33	10.10	10.29	11.39	8.53	7.87	9.23

This table shows the number of injuries to members of the public reduced to 381 from 408 in 2003/04. The Commission believes the increase in 2001/02 was due to improved reporting methods rather than a real increase in the number of fire-related injuries. The Commission believes that the results of fire safety education programmes are now becoming more evident.

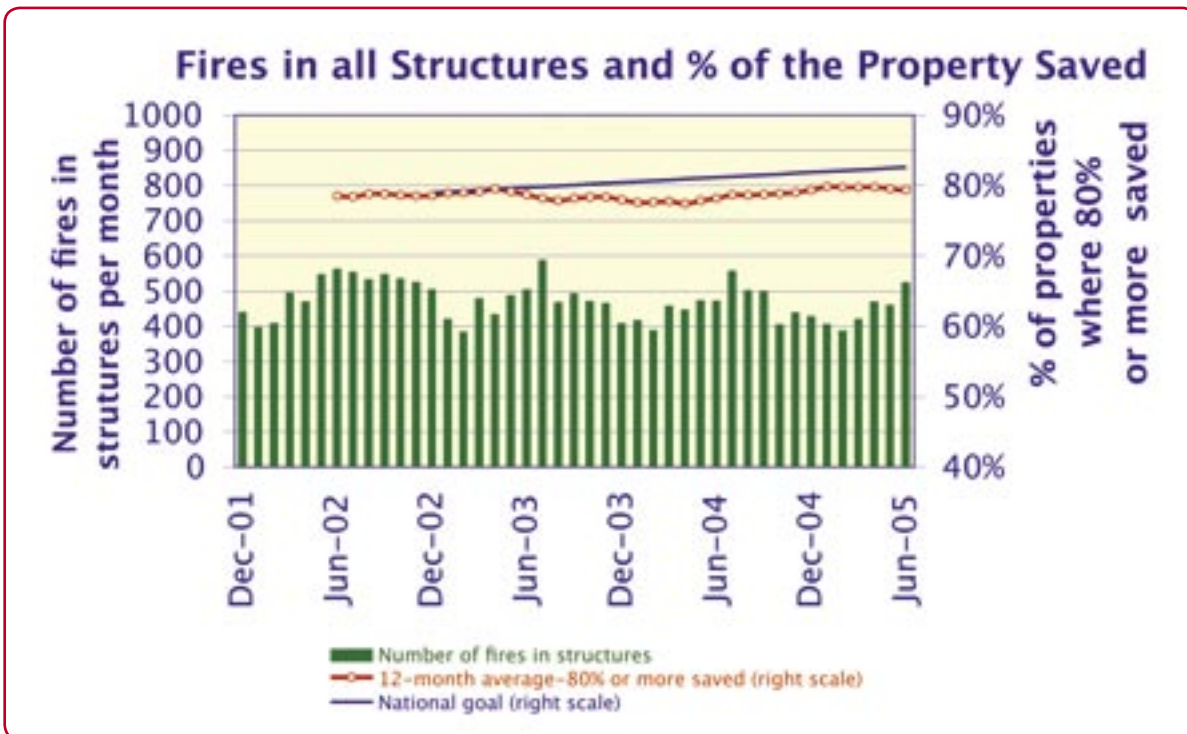
Fire Outcome - Reduce the Consequence of Fire to Properties

Damage to Residential Properties



This graph shows the monthly number, 12-month rolling total and trend for fires in residential properties. Reducing these types of incidents is the main focus of the national promotion activities.

Damage to all Structures



This graph shows the percentage of fires in structures that resulted in 80% or more of the structure being saved. This is a new measure developed last year and will be used to assess improvement in Fire Service performance in reducing property damage. The initial five-year goal is to improve the percentage saved by one percent per annum from the June 2002 base of 79%.

Vegetation Fires

This table shows the percentage of vegetation fires extinguished within two hours from notification to the Fire Service or fire authority. The preliminary five-year target is to extinguish 95% within two hours. This target may be revised during the course of 2005/06 once further analysis is carried out.

Vegetation fires extinguished within 2 hours of notification	For the Year					
	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00
Within urban areas (within Fire Service districts)	93.2%	93.5%	96.9%	97.5%	97.0%	-
Rural areas (outside Fire Service districts)	80.5%	79.5%	84.3%	88.2%	85.4%	-
Total	88.2%	87.9%	91.5%	93.9%	92.3%	-

Area damaged by wildfires

This table shows the annual number of wildfires, hectares burnt and the 10-year average 75th percentile of hectares burnt. The Commission's goal for this outcome area is to maintain hectares burnt to below the 75th percentile for the previous ten years. This approach aims to minimise the peaks caused by adverse weather cycles. In doing so the Commission will significantly reduce the damage caused by wildfires and the cost this damage causes to communities.

	Area damaged by wildfire		
	Number of fires	Area damaged (hectares)	Area damaged 75th percentile for the previous 10-year period
1989/90	928	3,356	16,000
1990/91	1,234	7,279	15,250
1991/92	1,116	1,805	12,900
1992/93	986	3,025	11,292
1993/94	2,198	7,350	7,346
1994/95	2,023	4,594	7,364
1995/96	1,646	4,586	7,332
1996/97	2,374	6,937	7,332
1997/98	3,610	6,253	7,194
1998/99	3,169	17,694	7,194
1999/00	2,944	2,054	7,194
2000/01	3,318	10,432	7,194
2001/02	3,709	3,937	7,247
2002/03	4,657	5,532	7,247
2003/04	4,336	7,626	7,247
2004/05	4,710	3,403	7,454

Fire outcome - Reduce the Consequences of Fire to Communities

Work was initiated as part of the contestable research fund last year. The work is continuing and when completed will help the organization set five-year goals for this area. Current work includes:

- Identifying the communities, which are at the highest risk if a fire occurred in a major employer, historical site or other significant feature.
- Developing a process that allows the Fire Service to help manage the fire risk in partnership with these communities.

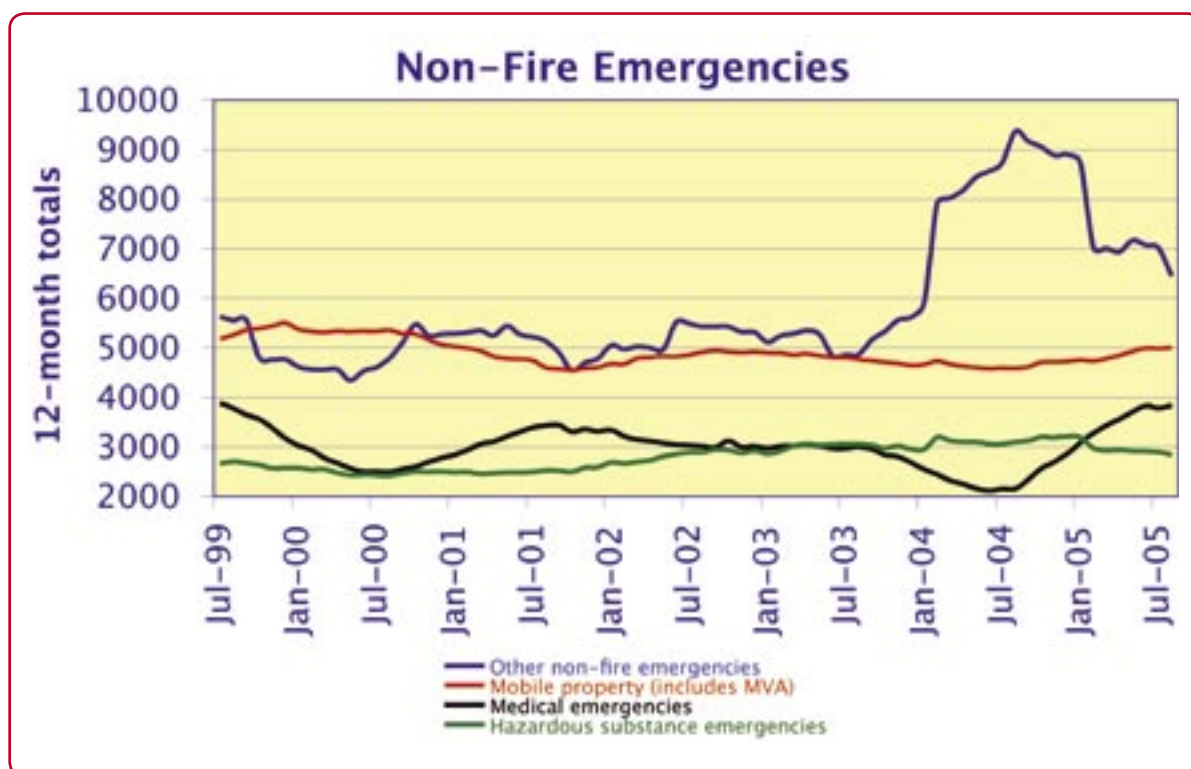
Reduce the Consequences of Fire on the Environment

Research projects have been requested for development of management processes and performance measures for this outcome area and goals will be set by the end of June 2005. The work and goals will cover:

- The Commission's emergency response activities impact on the environment.
- The Commission's key material and energy resource flows and impacts.

Providing a Professional Response to Other Emergencies

This graph above shows the rolling 12-month totals for the number of non-fire emergency incidents attended. The steep spike in other non-fire emergencies is related extreme weather conditions, particularly the flooding in early 2004.



Organisational Outcomes

This sub-section summaries the Commission's progress in terms of providing a high level of service within the support infrastructure within the organisation. Organisation outcomes are currently measured for levy collection and best practice organisation.

Organisational Outcome - Effective Fire Service Levy Collection

The levy audit program for 2004/05 covered 17 organisations. The program includes a mix of brokers, insurance companies and organisations responsible for making their own levy payments. The results of these audits and results from the last five years are shown in the table below.

Results of the levy audit programme	2004/05 Target	2004/05 Actual	2003/04 Actual	2002/03 Actual	2001/02 Actual	2000/01 Actual
Percentage of policies in compliance	99%	40%	59%	57%	69%	69%
Value of policies in compliance	99%	92%	82%	96%	94%	85%
Percent of errors now in compliance	-	98%	82%	85%	100%	100%
Percent of the value of error now in compliance	-	70%	97%	93%	100%	100%

Organisational Outcome - Best Practice Organisation

The purpose of this outcome is to monitor the Commission's achievements against its goal of becoming a best practice organisation. The Commission has specifically targeted improvements in:

- Business Improvement
- The financial control environment
- Providing management information
- Resource planning.

Business Improvement

The organisation introduced the Business Excellence Framework (Baldrige Criteria) in 2001/02. During 2002/03 a self-assessment against the business excellence framework was completed. The self-assessment identified a range of opportunities for improvement. These opportunities were prioritised and action plans established to improve organisational performance for each identified area. Improvement initiatives were continued during 2004/05 and a further self-assessment was conducted to ensure the initiatives were on track to achieve the improvements sought. An award application was submitted to the Business Excellence Foundation in June 2005 and will be assessed in October 2005. The results of the assessment will provide the Commission with a benchmark on where it sits compared to worlds best and provide a range of improvement initiatives the Commission can implement to further improve its performance.

Financial Control Environment

Financial policies continue to be reviewed and updated. Revised policies are disseminated through organisation's management structure and through the Fire Service intranet. A policy road show is planned for early in 2005/06 to further highlight key policy areas.

The financial management information system (FMIS) continues to be the prime tool for monitoring and managing the organisation's finances.

The data in the asset management system (AMIS) continues to be enhanced. Fleet, property and breathing apparatus data is all entered on the system and being used to manage these assets.

Providing Management Information

During 2003/04 the Commission successfully developed the first phase of its new station management system (SMS). The system provides a means for firefighters to plan, schedule, record, monitor and analyse data and performance at the station level. SMS enhancements were implemented during 2004/05 with further enhancements planned for the next two years to further develop the capability of the system.

Station Management System (SMS) data was analysed during 2004/05 resulting in revised national goals the 2005-2010 period.

On-line reporting tools were implemented during 2004/05 to enable better tracking of key performance data.

Reporting enhancements to the annual fire safety survey has resulted in better information on fire safety knowledge and behaviour of at-risk groups. These results are summarised in the intermediate outcomes section on page 25 and will be continued in future surveys.

The Commission continues to use other core information technology systems. The:

- Fire incident reporting and management system (now incorporated in SMS)
- Human resource management information system (HRMIS)
- Financial management information system (FMIS).

These systems continue to provide accurate and timely management information for monitoring organisational performance and providing factual information for decision making.

Improving Resource Planning

The Commission's resource allocation model is the principle tool that provides a sound, robust and scientifically valid tool for helping long term resourcing decisions. The model is principally used to determine where demand for new fire stations is. Further enhancements to the resource allocation methodology are planned. The developments include optimising second pump responses, including fire safety resources and fire risk assessment for small communities.

Output Costs

Output Costs (Gross Expenditure)

		2004/05 Budget \$000	2004/05 Actual \$000	2003/04 Actual \$000
Output Class 1	Fire prevention and other forms of fire safety resulting in reduced frequency and impact of fires.	38,860	37,840	36,775
Output 1.1	Fire prevention and advice to the general public.	28,452	27,977	27,307
Output 1.2	Professional and technical advice to the Built Environment public.	2,663	2,617	2,540
Output 1.3	Fire Safety Legislation.	7,117	7,160	6,850
Output 1.4	Fire safety research.	628	86	78
Output Class 2	Firefighting and other Fire Service operations.	193,842	201,071	190,474
Output 2.1	Operational readiness.	167,630	169,056	163,079
Output 2.2	Operational responses to fire and other emergencies.	25,356	31,022	26,520
Output 2.3	Wider emergency management capability.	257	252	245
Output 2.4	Fire alarm systems monitoring and the reduction in avoidable false alarms.	599	741	630
Output Class 3	National Rural Fire Authority administration.	2,981	3,070	3,033
Output 3.1	Advice and support to fire authorities and rural fire committees.	1,074	1,091	1,084
Output 3.2	Administration of the Rural Fire Fighting Fund and grant assistance schemes.	1,207	1,258	1,237
Output 3.3	Maintenance and audit of the Rural Fire Management Code of Practice and management of the fire weather monitoring and prediction system.	245	252	249
Output 3.4	Advice to the public and to key groups in rural lands.	455	469	463
Cost of Outputs (excluding funds expenditure)		235,683	241,981	230,282
Funds Expenditure		2,000	1,541	3,397
Total cost of Outputs		237,683	243,522	233,679

Operating expenditure is exclusive of GST and is summarised on page 61. Funds expenditure is detailed under note 4 on page 67.

Actual costs for 2003/04 have been restated in the 2004/05 output structure for comparison purposes. They will therefore differ from the detailed costs shown in the 2003/04 annual report.

Output Performance

This section details the output performance results for services provided during 2004/05. The output structure and performance measures were updated from 2003/04. The introduction of the Station Management System (SMS) has enable more in depth reporting and as a consequence many of the measures have no direct comparisons to 2003/04.

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, 21A and 29 of the Fire Service Act, AND Section 12(2) and 64 to 81 of the Building Act).

Output 1.1 Fire prevention and advice to the general public

This output comprises the delivery of fire prevention to the public. Fire prevention aims to change behaviour through improved knowledge about fire risks and through improved knowledge of what actions to take to reduce those risks. It is delivered under the direction of the five-year national promotion plan. This plan:

- Identifies the key groups who are “at-risk” in terms of fire risk, such as:
 - Children
 - People on low incomes
 - People living in rental accommodation
 - Ethnic groups including Maori and Pacific peoples
 - Rural communities
 - The elderly
 - People with special needs
 - Commercial/manufacturing/retail sector (also covered under 1.2)
- Identifies the partnership groups who can work with the Fire Service to help deliver fire prevention and safety advice that targets those who need it most

- Helps to ensure fire prevention and advice is delivered in the most appropriate way to each of the target groups.

How this output links to improved fire outcomes

The aim of this output is to change people’s knowledge, attitude and behaviour towards fire safety to:

- Reduce the risk of a fire starting
- Increase the installation smoke alarms
- Ensure that smoke alarms are maintained adequately
- Increase the installation of residential sprinkler systems
- Detect and suppress fires early through the use of smoke alarms and residential sprinkler systems and to give early notification to the Fire Service
- Better prepare people to take the right actions in the event of a fire.

Changing the public’s attitude and behaviour will reduce the number of fires and the consequences of fire to people, property, communities and the environment.

Cost of the Output

Financial Performance	2004/05		2003/04
	Budget	Actual	Actual
Gross expenditure \$000	28,452	27,977	27,307

Performance Measures

1.1.1 Fire prevention programmes delivered to children

2004/05 performance	2003/04 performance
<ul style="list-style-type: none"> • 927 Firewise schools programmes were delivered. • 962 Other schools programmes delivered. • 380 Other programmes where delivered to children. • 761 Fire Awareness Intervention Programmes were delivered. 	No comparable data for 2003/04.

1.1.2 Fire prevention programmes delivered to people with low incomes

2004/05 performance	2003/04 performance
1,278 programmes were delivered to low-income families.	No comparable data for 2003/04.

1.1.8 Fire prevention programmes delivered to commercial/industrial

2004/05 performance	2003/04 performance
151 programmes delivered to the commercial industrial sector.	No comparable data for 2003/04.

1.1.3 Fire prevention programmes targeted at people in rented properties.

2004/05 performance	2003/04 performance
588 programmes were delivered to people living in rented accommodation.	No comparable data for 2003/04.

1.1.9 Installation and maintenance of smoke alarms

2004/05 performance	2003/04 performance
<ul style="list-style-type: none"> • 18,823 smoke alarms installed. • 1,656 smoke alarms relocated. • 11,312 batteries installed or replaced. • 18,448 smoke alarms checked and cleaned. 	<ul style="list-style-type: none"> • 39,042 smoke alarms installed. • 6,548 smoke alarms maintained.

1.1.4 Fire prevention programmes delivered to ethnic groups including Maori and Pacific peoples.

2004/05 performance	2003/04 performance
1,057 programmes were delivered to Maori and Pacific peoples.	No comparable data for 2003/04.

1.1.10 Installation and maintenance of smoke alarms

2004/05 performance	2003/04 performance
<p>National advice/programmes delivered included:</p> <ul style="list-style-type: none"> • Advice on home sprinkler systems 179 times. • Advice on home escape plans 3,310 times. • Other advice 582 times. <p>Local advice/programmes delivered included:</p> <ul style="list-style-type: none"> • Advice provided on smoke alarms 4,332 times. • 1,069 station visits. • 915 presentations, lectures and talks. • Other advice/programmes 1,880 times. 	No comparable data for 2003/04.

1.1.5 Fire prevention programmes delivered to people in rural communities

2004/05 performance	2003/04 performance
1,226 programmes were delivered to people in rural communities.	No comparable data for 2003/04.

1.1.6 Fire prevention targeted at the elderly

2004/05 performance	2003/04 performance
742 programmes were delivered to elderly people.	No comparable data for 2003/04.

1.1.7 Fire prevention programmes delivered to people with special needs

2004/05 performance	2003/04 performance
204 programmes were delivered to people with special needs.	No comparable data for 2003/04.

New measures developed during the year

The Commission developed the following new measures during the year to measure customer satisfaction with services and how well customer expectations were being met. These measures have now been included in the 2005/06 Statement of Intent.

- 1.1.11 Fire safety education programme partners will indicate at least 80% satisfaction with overall service quality of the services provided by the Fire Service. *

2004/05 performance	2003/04 performance
83% of programme partners indicated satisfaction with the overall quality of services.	New measure in 2004/05.

- 1.1.12 The Fire Service will meet programme partners overall expectations at least 80% of the time. *

2004/05 performance	2003/04 performance
93% of programme partners overall expectations were met.	New measure in 2004/05.

* - The Commission monitors customer satisfaction through an independent customer survey that covers knowledge and experience, courtesy and understanding, reliability, responsiveness and information needs. These combined factors result in an overall service quality that the Commission uses as its measure of customer satisfaction.

Output 1.2 Professional and technical advice to the Built Environment public

This output comprises the delivery of professional and technical advice to people involved in building standard setting, design, development, ownership and occupation. The aim of the advice is to:

- Increase the use of fire engineering, and sound fire safety features in building design
- Make sure buildings are used safely and in accordance with their design
- Make sure buildings are well managed in terms of maintaining a high level of fire safety.

To achieve national consistency, this advice is delivered under the direction of a five-year professional and technical national plan. The plan targets advice to 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 works in partnership with key industry representatives to make sure they have consistent national fire safety standards within their respective businesses. The primary focus is on standards for automated fire safety systems and evacuation processes. The representative groups include the Ministry of Education, rest home associations, Housing New Zealand, the Department of Corrections, BRANZ, the Society of Fire Protection Engineers, the Building Officials Institute of New Zealand, the Building Industry Authority and building owners.

How this output improves fire outcomes

This output aims to increase the use of fire safety measures in buildings and improve the fire safety design of buildings. In simple terms this means that:

- The risk of a fire starting is reduced
- Fires are detected earlier allowing for the early containment of a fire and the safer evacuation of building occupants
- The spread of a fire is limited through better building design
- People are able to safely evacuate from buildings in the event of a fire
- Fire damage is limited through the use of sprinkler systems.

By achieving these aims there will be less loss of property, greater protection for heritage buildings, improved business continuity in the event of a fire and less potential for the loss of life.

Cost of the Output

Financial Performance	2004/05		2003/04
	Budget	Actual	Actual
Gross expenditure \$000	2,633	2,617	2,540

Performance measures

1.2.1 Advice provided on sound fire safety features in building design

2004/05 performance	2003/04 performance
<ul style="list-style-type: none"> • Technical advice provided on fire protection systems 728 times. • Technical advice provided on fire compartmentation 66 times. • Technical advice provided on means of escape 333 times. 	No comparable data for 2003/04.

1.2.2 Advice provided on making sure buildings are used safely and in accordance with their design

2004/05 performance	2003/04 performance
<ul style="list-style-type: none"> • Technical advice provided on people and activity management 223 times. • Technical advice provided on occupancy ratings/loadings 145 times. • Technical advice on safe housekeeping practices 135 times. 	No comparable data for 2003/04.

1.2.3 Advice provided on making sure buildings are well managed in terms of maintaining a high level of fire safety

2004/05 performance	2003/04 performance
<ul style="list-style-type: none"> • Technical advice provided on fire causes 232 times. • Technical advice provided on how to evacuate a building effectively and efficiently 1,592 times. • Technical advice on safe practice 233 times. • Technical advice on fire behaviour 58 times. 	No comparable data for 2003/04.

1.2.4 Advice provided to organisations or individuals.

2004/05 performance	2003/04 performance
<ul style="list-style-type: none"> • Technical advice provided to industry groups 299 times. • Technical advice provided to building owner groups 279 times. • Technical papers and presentations provided 40 times. 	New measure in 2004/05.

1.2.5 The number of recommendations made to territorial authorities on building consent applications.

2004/05 performance	2003/04 performance
The Fire Service has provided 144 memorandums on building consent applications to consent authorities.	New measure in 2004/05.

1.2.6 The quality of advice made to territorial authorities on building consent applications.

2004/05 performance	2003/04 performance
An independent review is planned for 2005/06.	New measure in 2004/05.

1.2.7 95% of advice to territorial authorities on building consent applications will be made within 10 working days from receipt.

2004/05 performance	2003/04 performance
Building consent applications have been provided within an average of 7.5 days and have met the 10 days timeframe 100% of the time.	New measure in 2004/05.

New measures developed during the year

The Commission developed the following new measures during the year to measure customer satisfaction with services and how well customer expectations were being met. These measures have now been included in the 2005/06 Statement of Intent.

- 1.2.8 Building owners will indicate at least 90% satisfaction with the overall level of services provided by the Fire Service. *

2004/05 performance	2003/04 performance
93% of building owners indicated satisfaction with the overall quality of services.	New measure in 2004/05.

- 1.2.9 The Fire Service will meet building owners overall expectations at least 90% of the time. *

2004/05 performance	2003/04 performance
96% of building owners overall expectations for quality of service where met.	New measure in 2004/05.

* - The Commission monitors customer satisfaction through an independent customer survey that covers knowledge and experience, courtesy and understanding, reliability, responsiveness and information needs. These combined factors result in an overall service quality that the Commission uses as its measure of customer satisfaction.

Output 1.3 Fire Safety Legislation

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

- Inspection of buildings for operational pre-planning purposes
- Buildings considered dangerous because they are a fire hazard
- Evacuation scheme approval and monitoring.

Inspection of buildings - This output includes the actions taken by the Fire Service to ensure buildings are safe from fire hazard and comply with the relevant fire safety law, and the actions taken for pre-planning purposes so that fire crews are familiar with a building's design, features and layout. Advice is given to the building owners, managers and occupiers on improving fire safety in the building. During these inspections any features of the building that do not comply with the Building Act 1991 are notified to the relevant territorial authority. The territorial authority has the jurisdiction to ensure non-compliance issues are rectified.

Dangerous buildings - This output also includes applying the fire safety law to buildings considered dangerous because they are a fire hazard. The law is designed to ensure the public is not exposed to unacceptable fire risk in buildings. The Fire Service and territorial authorities administer fire safety

law. The Fire Service recommends that 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.

Evacuation schemes - Fire safety law relating to evacuation schemes is designed to ensure the public know how to and 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. It is the responsibility of the building owner to develop an evacuation scheme for approval by the Fire Service.

The Fire Service is being more proactive in this area by developing and maintaining a national building register. The register lists buildings that require an evacuation scheme or have the potential to require one. The building register will enable the Fire Service to track each building and ensure the building has an operable evacuation scheme where required. It is the building owner's responsibility to carry out regular trial evacuations to make sure the evacuation schemes work. However, the Fire Service also attends some of the trial evacuations in high-risk buildings to monitor whether they are performing as intended.

Where a building owner does not comply with the requirement to have an approved evacuation scheme in place the Fire Service will take legal action to either ensure compliance or close the building.

How this output improves fire outcomes

The principal aim of this output is to make sure that members of the public know how to and can safely evacuate a building in the event of a fire or other emergency. This reduces the potential for large loss of life in the event of a major building fire. The output also aims to make sure buildings are evacuated to enable the Fire Service to concentrate on firefighting activities. This helps to reduce property damage and helps to minimise business down time due to fires.

This output also aims to minimise any property damage and the potential for loss of life in the event of a fire. This is achieved by reducing the number of non-complying buildings and making sure any buildings considered dangerous are either closed or made safe. The Fire Service also uses the information collected on buildings to update and improve firefighting tactics.

Cost of the Output

Financial Performance	2004/05		2003/04
	Budget	Actual	Actual
Gross expenditure \$000	7,117	7,160	6,850

Performance measures

1.3.1 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.

2004/05 performance	2003/04 performance
3,901 building inspections carried out with 295 faults notified to territorial authorities.	1,458 buildings inspected with 103 faults notified to territorial authorities.

1.3.2 All identified dangerous buildings will be notified to the relevant territorial authority together with sufficient information to enable them to act.

2004/05 performance	2003/04 performance
55 identified dangerous buildings were notified to territorial authorities.	35 identified dangerous buildings were notified to territorial authorities.

1.3.3 All buildings notified to the territorial authority (under 1.3.2) will be monitored to ensure they are either closed, made safe or have legal action being taken.

2004/05 performance	2003/04 performance
20 buildings made safe or closed. The remainder are being worked on in conjunction with territorial authorities.	31 buildings made safe or closed.

1.3.4 A Register will be maintained of buildings that are referred to in Section 21A(1) and (2) of the Fire Service Act.

2004/05 performance	2003/04 performance
Building Register Information: <ul style="list-style-type: none"> 61,761 buildings. 24,362 buildings identified as 21A(1) and 21A(2). 	Building Register Information: <ul style="list-style-type: none"> 43,248 buildings. 18,124 section 21A(1) buildings. 9,439 section 21A(2) buildings.

1.3.5 Buildings in the register will be monitored to ensure that 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.

2004/05 performance	2003/04 performance
Waiver information: <ul style="list-style-type: none"> 1,052 buildings with waivers. 84 waivers approved this year. 113 waivers checked to ensure the conditions are still being met. 	Waiver information: <ul style="list-style-type: none"> 1,022 buildings with waivers.

1.3.6 Carry out approval processes so that 95% of high-risk buildings have an approved operable evacuation scheme.

2004/05 performance	2003/04 performance
Waiver information: <ul style="list-style-type: none"> To date there are 5,606 high-risk buildings on the register.* Of these 5,258 (93.8%) have an approved scheme. 336 schemes approved for high-risk buildings. 	<ul style="list-style-type: none"> To date there are 1,263 significant risk buildings on the registers. Of these 1,027 (81%) have an approved scheme. No comparable data for evacuations scheme approvals for high-risk buildings.

* - The classification system for high-risk buildings was changed for 2004/05 to a more robust on-line risk assessment process using the Station Management System (SMS).

1.3.7 Evacuation scheme for other buildings will be approved where the owner provides a suitable draft scheme.

2004/05 performance	2003/04 performance
1,991 schemes approved for other risk buildings.	No comparable data for 2003/04.

1.3.8 All correspondence submitted to the Fire Service on evacuation schemes [enquiries, requests for evacuation scheme packs, schemes for approval etc.] will be processed and /or replied to within 20 working days.

2004/05 performance	2003/04 performance
Data for this measure has not been collected in 2004/05. Measure discontinued in 2005/06.	Not reported in 2003/04.

1.3.9 High-risk buildings, which have approved evacuation schemes, are monitored (including trial evacuations) to ensure the schemes remain operative.

2004/05 performance	2003/04 performance
13,594 trial evacuations monitored of which the Fire Service attended 4,348. <ul style="list-style-type: none"> • 3,131 trial evacuations monitored for high-risk buildings. • 10,463 trial evacuations monitored for other risk buildings. 	3,077 trial evacuations attended to monitor scheme operability.

1.3.10 Inspections of buildings for fire safety and / or pre-planning purposes.

2004/05 performance	2003/04 performance
3,901 building inspections undertaken.	1,458 building inspections undertaken.

Output 1.4 Fire safety research

This output includes fire safety research carried out under the contestable research fund. The \$500,000 per annum fund was established in 1998/99. The purpose of the fund is to advance knowledge in fire prevention and fire management. Typically research covers:

- Identifying and influencing vulnerable groups
- Home fire safety
- Social and economic impact of fires on communities
- Vegetation fires in rural areas
- Fire protection systems
- Post-earthquake fire
- Volunteers in the Fire Service
- Improving firefighting and loss control tactics.

In addition, the Commission funds a lectureship in fire engineering at the University of Canterbury. The lectureship aims to encourage masters programme graduates in fire engineering. The programme continues to generate innovative studies into fire behaviour in the New Zealand urban environment.

Fire research is reviewed and analysed to determine if changes to either Fire Service practices or to fire safety law would be beneficial. Where changes would result in improved fire outcomes at reasonable cost,

the Commission takes appropriate actions to bring about change.

The results of the research are widely communicated and made available for the benefit of any interested parties. Also included in this output is providing technical legal advice on fire safety law to a number of external organisations.

How this output improves fire outcomes

This aim of this output is to better understand the fire problem and actions the Commission can take to improve fire outcomes. A good example showing the worth of the fire-safety research was carried out in 1999/00. 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. This research is used to target resources and fire safety education to communities most at risk from fire.

By targeting high-risk communities the Commission is applying resources to the areas where the greatest positive impact on fire outcomes can be made.

Providing advice on the technical legal aspects of fire safety law means organisations are better informed about their fire safety obligations. This will help to improve compliance with fire safety law and to make buildings safer.

Cost of the Output

Financial Performance	2004/05		2003/04
	Budget	Actual	Actual
Gross expenditure \$000	628	86	78

Performance measures

1.4.1 The Contestable Research Fund will be maintained and research projects let.

2004/05 performance	2003/04 performance
Research topics were agreed and expressions of interest were sought in the first quarter. The selection panel met in November and invited successful applicants to submit formal proposals. Proposals were reviewed in February with contracts let in March for successful research projects.	New measure in 2004/05.

- I.4.2 Information will be disseminated to inform relevant organisations of the research conducted under the contestable research fund.

2004/05 performance

- Seminar held to launch research publications.
- Publications available on the Fire Service website.
- Publications distributed to interested parties.

2003/04 performance

- Seminar held to launch research publications.
- Publications available on the Fire Service website.
- Publications distributed to interested parties.

- I.4.3 Fire research will be commissioned, reviewed and analysed to determine where the greatest cost-benefit would arise from changes to building operational practice, consumer or fire safety law and practice and take appropriate action to bring about change.

2004/05 performance

Research was finalised and is being used to inform the debate on the proposed new fire legislation.

2003/04 performance

A study was commissioned on the total cost of fire to help inform the debate on new Fire Service Legislation.

- I.4.4 Number of Masters courses completed through the University of Canterbury.

2004/05 performance

10 students graduated with a Masters in Fire Engineering. Since 1994 a total of 97 students have graduated from the course.

2003/04 performance

4 students graduated with a Masters in Fire Engineering. Since 1994 a total of 87 students have graduated from the course.

Output Class 2 - Fire Fighting and other Fire Service Operations

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

Output 2.1 Operational readiness

This output includes the activities that make sure the Fire Service is maintained in a state of operational readiness 24 hours of every day. Critical to this is staff training and the maintenance of equipment. The Fire Service verifies its own state of readiness by conducting operational readiness audits. Also included in this output are multi-agency exercises, monitoring of firefighting water supplies and operational pre-planning activities.

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.

Multi-agency exercises - This output also covers the Fire Service's participation in multi-agency training exercises for the response to community-scale incidents. Included in this activity is the co-ordination of fire services through formal co-ordination schemes.

Water supplies - Also included in this output are the activities to make sure the water supply needs for fire suppression and sprinkler systems are met. The successful functioning of the water supply systems for firefighting requires partnerships involving the Fire Service, the fire protection industry, water industry representatives and territorial authorities. The Fire Service updates and maintains a code of practice for water supply.

Pre-planning - This output includes the pre-planning the Fire Service does to ensure it takes the most appropriate actions in the event of an emergency incident. Tactical plans provide information for managing tactics and resources for incidents involving a significant specific risk (typically large industrial complexes or hospitals). Risk plans provide detailed fire risk information of individual properties to ensure the Fire Service is familiar with a property's layout and facilities. The Fire Service reviews and updates these tactical and risk plans to make sure the information remains current.

How this output improves fire outcomes

This output ensures the Fire Service is well trained and prepared to respond effectively to a wide range of emergency incidents. This means that when an emergency incident occurs the Fire Service is able to respond in an effective manner thereby reducing the consequences of the incident.

The output also allows the national commander to assess the adequacy of water supplies for firefighting in fire districts. Water supplies are needed for sustained Fire Service firefighting activities, the proper operation of sprinkler systems and the operation of built-in hose reels in buildings. Adequate water supplies mean that property damage and life loss is minimised in the event of a fire.

This output also makes sure that when fires occur decisions can be made about appropriate firefighting tactics based on current information. Therefore valuable time is not wasted in gathering information on the building design, location of fire hydrants and the types of activities carried out in the building. In most cases the result will be a reduction in property damage and a reduced risk of the fire spreading beyond the building it started in.

Cost of the Output

Financial Performance	2004/05		2003/04
	Budget	Actual	Actual
Gross expenditure \$000	167,630	169,056	163,079

Performance measures

2.1.1 Maintain skills and equipment to ensure operational readiness

2004/05 performance	2003/04 performance
<ul style="list-style-type: none"> Four recruits courses run during the year \$5.9m on fleet maintaining the fleet and \$2.3m on maintaining property. National training courses completed as planned. 	New measure in 2004/05.

2.1.2 Operational readiness audits will be carried in accordance with the National Commander's operational instructions. This instruction covers audits of paid, volunteer and industrial brigades.

2004/05 performance	2003/04 performance
<ul style="list-style-type: none"> 16 operational readiness audits of paid stations carried out. 122 operational readiness audits of volunteer stations carried out. 	210 audits carried out in accordance with the national commander's instructions as certified by each of the eight fire region managers.

2.1.3 All significant deficiencies identified in readiness audits carried out under 2.1.2 will be rectified within 30 calendar days.

2004/05 performance	2003/04 performance
Not reported in 2004/05. Measure discontinued in 2005/06.	Not reported in 2003/04.

2.1.4 All operational plans will be reviewed and / or developed in accordance with the National Commander's operational instructions.

2004/05 performance	2003/04 performance
<ul style="list-style-type: none"> 596 new operational plans developed. 406 operational plans reviewed. 	898 plans were refined or reviewed during the year.

- 2.1.5 Fire hydrants will be tested to monitor the number and percentage that meet the predetermined standards in accordance with the Code of Practice for Water Supplies.

2004/05 performance	2003/04 performance
<ul style="list-style-type: none"> • 22,378 hydrants inspected with 87% meeting the standard. • 8,010 hydrants flow tested with 97% meeting the standard. • 2,038 hydrants pressure tested with 98% meeting the standard. • 15 risers inspected with 93% meeting the standard. • 176 alternative water supply checks carried out. • Advice provided on fire risk classification and water supplies 66 times. 	<p>17,145 hydrants tested.</p>

- 2.1.6 Exercises with other emergency management providers and/or agencies that are involved in the management of community scale incidents.

2004/05 performance	2003/04 performance
<ul style="list-style-type: none"> • 41 Civil Defence exercises. • 178 multi-agency exercises. • 24 Hazardous Substance Technical Liaison Committee exercises. • 57 airport exercises. • 37 rural fire exercises. • 11 seaport exercises. 	<ul style="list-style-type: none"> • 252 multi-agency exercises carried out. • 32 Civil Defence exercises carried out.

- 2.1.7 Training will be assessed for effectiveness through:
- Effectiveness review of training needs against the training program.
 - Effectiveness of national training programs as applied operationally.
 - Effectiveness of organizational input into national training programs.

2004/05 performance	2003/04 performance
<p>Review being conducted in early 2005/06 into training delivery.</p>	<p>New Measure in 2004/05.</p>

Output 2.2 Operational responses to fire and other emergencies

This output includes the timely and tactically appropriate operational responses to fire and other emergencies. This includes:

- Suppressing fires to ensure the safety of people and property endangered by fire
- Stabilising, containing and minimising the impact of emergencies involving hazardous substances
- Attending incidents involving motor vehicles, for suppressing fire, for extricating people from motor vehicles, reducing the impact of injuries or otherwise assisting them, and for helping to stabilise and make safe the accident location
- Working 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.

Also included in this output are post-incident operations investigations. The investigations are carried out following major incidents the Fire Service has attended to review its performance. The investigations are used to:

- Highlight examples of good operational practice that can be shared throughout the organisation
- Identify opportunities for improvement.

How this output improves fire outcomes

The principal focus of this output is to provide an effective operational response to a range of emergency incidents. Achieving this minimises the consequences of those incidents in terms of loss of life and injury, property damage, damage to the environment and loss to the wider community including business capacity.

This output also includes activities that review current performance to identify and put in place improvements to the way the Fire Service carries out its response activities. These improvements will result in better responses and tactics in future emergency incidents.

This output involves the post-incident investigation and follow-up to determine the cause of fire and

the factors that have led to the fire starting and spreading. It also includes the sharing of knowledge and information gained from fire investigations to improve the management of fire risk. Fire investigations results are 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 happen in the future or the consequences from them are minimised
- Provide a basis from which to target fire safety advice and prevention programmes.

Cost of the Output

Financial Performance	2004/05		2003/04
	Budget	Actual	Actual
Gross expenditure \$000	25,356	31,022	26,520

Performance measures

2.2.1 The Fire Service will respond to and take the appropriate action at all alarms of fire in fire districts.

2004/05 performance	2003/04 performance
17,019 fires responded to appropriately within fire districts.	16,814 fires responded to appropriately within fire districts.

2.2.2 Responses under 2.2.1 will be monitored for performance against the national commander's operational response guidelines endorsed by the Fire Service Commission.

2004/05 performance	2003/04 performance
Calls responded to within: <ul style="list-style-type: none"> • 7 mins-88.4%. • 10 mins-97.6%. 	Calls responded to within: <ul style="list-style-type: none"> • 7 mins-89.5%. • 10 mins-97.8%.

2.2.3 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.

2004/05 performance	2003/04 performance
35,778 other emergencies responded to appropriately within fire districts.	35,535 other emergencies responded to appropriately within fire districts.

2.2.4 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.

2004/05 performance	2003/04 performance
4,818 fires responded to appropriately outside fire districts.	4,766 fires responded to appropriately outside fire districts.

2.2.5 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.

2004/05 performance	2003/04 performance
7,847 other emergencies responded to appropriately outside fire districts.	7,389 other emergencies responded to appropriately outside fire districts.

2.2.6 Assistance will be provided for all declared civil defence emergencies where the Fire Service is called.

2004/05 performance	2003/04 performance
Two declared civil defence emergencies attended.	Two declared civil defence emergencies attended.

2.2.7 Obligations under the agreed civil defence plan will be fulfilled, as shown through post-emergency audits.

2004/05 performance	2003/04 performance
Obligations fulfilled.	Obligations fulfilled.

2.2.8 Responses will be monitored through post incident operational audits, in accordance with the National Commander's operational instructions, to ensure the Fire Service continues to improve the use of resources and improve fire attack techniques.

2004/05 performance	2003/04 performance
16 audits were carried out in accordance with the National Commander's instructions. In addition, 17 incident debriefs and 73 critical incident stress management debriefs were carried out.	17 audits were carried out in accordance with the National Commander's instructions.

2.2.9 Fire investigations will be completed in accordance with the National Commander's operational instructions.

2004/05 performance	2003/04 performance
158 fire investigations were carried out that resulted formal reports produced in accordance with the National Commander's operational instructions.	588 fire investigations carried out in accordance with the National Commander's operational instructions.

2.2.10 Fire investigation reports produced will be technically accurate as verified by peer review processes.

2004/05 performance	2003/04 performance
100% of reports technically accurate.	100% of reports technically accurate.

Output 2.3 Wider emergency management capability

This output covers the work the Fire Service does in the wider emergency management field. It includes planning and research work relating to the low frequency but high impact events such as major earthquakes. It also includes working with and supporting the operation of emergency management groups and making sure Fire Service obligations under the National Civil Defence Plan can be met in the event of a major national emergency.

This output also includes work to better understand and reduce the risk of fires following a major earthquake. Work includes understanding the capabilities of the Fire Service to provide services if the transport infrastructure and water supply network is damaged. Also important is to understand the level of self-sufficiency of individual communities.

How this output improves fire outcomes

The aim of this output is to make sure both the community and the Fire Service are well prepared to respond to a major emergency. The improved state of preparedness will help to minimise damage from an emergency and any resulting fire. The measure of the effectiveness of this output is difficult to gauge and will only be tested in the event of a real major emergency event.

Cost of the Output

Financial Performance	2004/05		2003/04
	Budget	Actual	Actual
Gross expenditure \$'000	257	252	245

Performance measures

2.3.1 The Fire Service is to meet its legal obligations relating to the participation on emergency management groups/committees

2004/05 performance	2003/04 performance
The Fire Service participated in 136 emergency management groups meetings.	New measure in 2004/05.

2.3.2 The Fire Service will contribute to building the capability of the urban search and rescue function.

2004/05 performance	2003/04 performance
282 training activities completed with 49 formal exercises conducted.	Capability increased to three teams as planned.

2.3.3 The Fire Service will contribute to the management of other emergencies through partnerships with, and participation in other emergency management organisations or committees.

2004/05 performance	2003/04 performance
The Fire Service participated in: <ul style="list-style-type: none"> • 99 coordinating executive group meetings. • 80 emergency service coordinating committee meetings. • 75 hazardous substance technical liaison committee meetings. • 70 regional rural fire committee meetings. • 742 other meetings on a range of operational matters. 	New measure in 2004/05.

2.3.4 The Fire Service will improve its wider emergency management capability by increasing the number of senior personnel who are trained to the Level 4 and Level 6 Coordinated Incident Management System (CIMS) courses.

2004/05 performance	2003/04 performance
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106 CIMS training activities carried out which will contribute to improving the skill levels of personnel.	New measure in 2004/05.
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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 system connections and the number of false alarms these types of 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 aims to minimise the number of false alarms these systems generate through actively working with all interested groups. False alarms occupy Fire Service resources that could be better used elsewhere. A five-year plan to reduce the number of avoidable false alarms by 30% commenced in 2000/01.

How this output improves fire outcomes

The purpose of this output is threefold. Firstly, to reduce the amount of time and effort the Fire Service uses in responding to false alarms. This will reduce the potential for more serious emergency incidents happening at the same time the Fire Service is responding to a false alarm call. While these incidents will always be responded to there is the potential for a delayed response due to resources being occupied by a false alarm. Delayed responses can lead to the fire getting larger than it would otherwise have got and causing more property damage or even loss of life.

Secondly, a high number of false alarms have the potential to create a public apathy to fire alarms in the belief it is just another false alarm. This could slow evacuation from buildings endangering lives or slow the notification of fire incidents to the Fire Service thereby giving a real fire incident more time to develop into a major fire.

Thirdly, unnecessary false alarms result in significant amount of lost productivity for the employers of volunteers, and for those volunteers who are self employed. The Commission has targeted a 30% reduction (from June 2001) in the number of avoidable false alarms from fire alarm systems by June 2006.

Cost of the Output

Financial Performance	2004/05		2003/04
	Budget	Actual	Actual
Gross expenditure \$000	599	741	630

Performance measures

2.4.1 A 6% reduction from 2003/04 in the number and rate of avoidable false alarms.

2004/05 performance	2003/04 performance
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Number of calls for 2004/05 decreased by 1.5% compared to the same period last year. The 12-month rate per 100 monitored systems dropped from 5.80 to 5.46 (6%) compared to last year.	Number of calls decreased by 5.5% compared to the same period last year. The rate per 100 monitored systems dropped by 6.5% compared to last year.
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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 fire authorities and rural fire committees

This output covers National Rural Fire Authority (NRFA) activities to maintain an administrative infrastructure to support firefighting services in rural areas.

Advice, including interpretations of the legal requirements of fire authorities, and assistance is provided to fire authorities and regional rural fire committees so they can carry out their roles.

The NRFA provides support to rural fire committees through the rural fire managers and the national rural fire officer.

Also included in this output is the establishing, amending or revoking of rural fire districts. This ensures value for money in rural firefighting through sharing resources and merging fire authorities where appropriate.

How this output improves fire outcomes

The aim of this output is to provide sound advice and assistance to fire authorities. Over the long term, this makes sure that sound, researched approaches to rural fire management are being applied within the industry. By applying modern approaches the number of unplanned fires occurring is minimised and the consequences of fires are managed in the appropriate way. It is important to note that in rural fire management extinguishing a fire may not always be the best approach depending on the circumstances involved.

Cost of the Output

Financial Performance	2004/05		2003/04
	Budget	Actual	Actual
Gross expenditure \$000	1,074	1,091	1,084

Performance measures

- 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.

2004/05 performance	2003/04 performance
11 committees in place.	13 committees in place.

- 3.1.2 Administrative and technical support will be provided for regional rural fire committees.

2004/05 performance	2003/04 performance
Support provided.	Support provided.

- 3.1.3 At least 95% of members of regional rural fire committees will indicate satisfaction with administrative support and meeting facilitation as determined by independent survey.

2004/05 performance	2003/04 performance
83% satisfied with admin support and 85% with meeting support.	85% satisfied with admin support and 88% with meeting support.

- 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.

2004/05 performance	2003/04 performance
One established replacing three revoked rural fire districts.	Ten revoked and two established.

Output 3.2 Administration of the Rural Fire Fighting Fund and grant assistance schemes

This output covers the administration of the grant assistance scheme and the rural fire fighting fund. The grant assistance scheme helps fire authorities achieve the required level of operational readiness.

The rural fire fighting fund reimburses fire authorities for the majority of the expenses relating to putting out wildfires.

Included in this output is the requirement for the National Rural Fire Authority to carry out its activities in accordance with the Rural Fire Management Code of Practice. The code makes sure that consistent decisions are made in a transparent way. It also provides for a mediation process if fire authorities have any issues to do with the decision process.

How this output improves fire outcomes

This output is wholly concerned with administering funding mechanisms to fire authorities in the two areas outlined above. By administering these funding mechanisms fire authorities are able to carry out their roles in rural fire management. Ultimately, this will help to minimise the number of rural fires and the consequences of them.

Cost of the Output

Financial Performance	2004/05		2003/04
	Budget	Actual	Actual
Gross expenditure \$000	1,207	1,258	1,237

Performance measures

- 3.2.1 An estimated 45 fire authority applications for grant assistance will be actioned during the year.

2004/05 performance	2003/04 performance
61 applications actioned.	66 applications actioned.

3.2.2 Fire authorities will be advised of the results of their grant applications within two months of the application cut-off date.

2004/05 performance	2003/04 performance
The deadline was extended to 30 September to accommodate a policy change and advise to fire authorities provided in early October.	Equipment and clothing applications advised by 30 August. Appliances and tankers applications advised by 30 September.

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.

2004/05 performance	2003/04 performance
100% in accordance with the code.	100% in accordance with the code.

3.2.4 An estimated 100 claims under the rural fire fighting fund will be actioned during the year.

2004/05 performance	2003/04 performance
All 77 claims actioned.	All 84 claims received were actioned.

3.2.5 90% of 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.

2004/05 performance	2003/04 performance
88% advised within two months.	65% advised within two months.

3.2.6 95% of claim decisions will be accepted without recourse to mediation.

2004/05 performance	2003/04 performance
100% accepted.	100% accepted.

Output 3.3 Maintenance and audit of the Rural Fire Management Code of Practice and management of the fire weather monitoring and prediction system.

This output includes the activities of the National Rural Fire Authority (NRFA) that make sure fire authorities are prepared to respond to fires in rural areas. This is achieved through the maintenance and application of the Rural Fire Management Code of Practice. The NRFA audits fire authorities against the Rural Fire Management Code of Practice to ensure they keep up an effective level of operational capability. The code sets out the required standards and procedures that each rural fire authority must maintain.

This output also includes fire weather monitoring and information. Weather monitoring is an important tool for managing fire risk in rural areas. Information gathered 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.

The NRFA provides fire weather information to all fire authorities, so they can maintain the fire danger rating system. In addition, the NRFA issues fire danger notifications to the news media during the fire season when the fire danger is very high or extreme.

How this output improves fire outcomes

This output aims to improve fire outcomes in two ways by:

- Making sure a minimum national standard is in place for fire authorities in terms of operational preparedness and response activities
- Providing information for fire authorities to assess the level of fire risk throughout the year.

Combined, this achieves better levels of operational readiness that results in improved responses to rural fire incidents.

Cost of the Output

Financial Performance	2004/05		2003/04
	Budget	Actual	Actual
Gross expenditure \$000	245	252	249

Performance measures

3.3.1 Operational audits of 19 of the 100 fire authorities and an estimated 16 re-audits will be completed by year-end.

2004/05 performance	2003/04 performance
11 audits carried and 9 re-audits carried out.	20 audits and 7 re-audits.

3.3.2 Audits will be carried out in accordance with the rural fire management code of practice.

2004/05 performance	2003/04 performance
100% in accordance with the code.	100% in accordance with the code.

3.3.3 Fire authorities will receive written reports on rural fire management code of practice audits and re-audits within two months of audit completion.

2004/05 performance	2003/04 performance
100% within two months.	96% within two months.

3.3.4 95% of audits and re-audits will be accepted by fire authorities without recourse to mediation.

2004/05 performance	2003/04 performance
100% accepted.	100% accepted.

3.3.5 Fire weather information will be available to all fire authorities on a daily basis during the fire season and at least monthly at other times.

2004/05 performance	2003/04 performance
Available 180 out of 182 (99%) days during the fire season.	Available 181 out of 183 (99%) days during the fire season.
Available 362 out of 365 (99%) days during the year.	Available 360 out of 366 (98%) days during the year.

3.3.6 Fire weather information will be updated daily by 3pm on 95% of days during the fire season.

2004/05 performance	2003/04 performance
Updated 99% by 3pm.	Updated 99% by 3pm.

3.3.7 An estimated 16 fire danger notifications will be issued to the news media during the fire season.

2004/05 performance	2003/04 performance
One fire danger notification was issued to the media.	Less extreme fire weather conditions resulted in only one fire danger notification being issued to the media.

3.3.8 Advice will be transmitted to relevant news media by 3pm on 95% of the days when fire danger is very high or extreme.

2004/05 performance	2003/04 performance
Fire danger notification was not for very high or extreme conditions.	100% sent by 3pm.

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 occurrence of

2004/05 performance	2003/04 performance
None declared.	None declared.

Output 3.4 Advice to the public and to key groups in rural lands

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 they cause.

The National Rural Fire Authority (NRFA) co-ordinates a national campaign to promote fire-safe behaviour in rural areas. The national campaign is run in conjunction with the New Zealand Forest Owners Association and the Department of Conservation.

The campaign focuses on fire prevention and making landowners and the general public aware of their legal obligations with respect to wildfires. Fire authorities also carry out local campaigns within their jurisdictions during the year.

The output also includes the training and education of people involved in preventing and suppressing rural fires.

The NRFA also promotes and encourages research in matters relating to rural fire control. The key component of this is the wildfire threat analysis. It provides a framework for systematically 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.

How this output improves fire outcomes

This output aims to change the behaviour of people using rural lands so they act in a manner that is fire-safe. Changing behaviour will reduce the number of fires starting and therefore reduce the consequences of fire.

Also included is the training of people who carry out rural fire management activities. Improving the skills of these people will result in improved understanding of the risk of fire and improved response skills. This will lead to better fire outcome results.

Research improves the level of knowledge and understanding of rural fire control resulting in well-targeted and improved service delivery and will lead produce better fire outcomes in rural areas.

Cost of the Output

Financial Performance	2004/05		2003/04
	Budget	Actual	Actual
Gross expenditure \$000	455	469	463

Performance measures

3.4.1 Coordinate 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.

2004/05 performance	2003/04 performance
National promotions carried out using the "Bernie" theme over the holiday season. National television promotions ran from Dec-Feb on TV2, TV3, C4 and Sky Sports.	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 fire authorities to ensure that they:

- Are aware of their legal obligations
- Have the knowledge to make fire safe decisions concerning the management of their own property and the safeguarding of neighbouring properties.

2004/05 performance	2003/04 performance
Advice provided through mail outs and pamphlets.	Advice provided through mail outs and pamphlets.

3.4.3 An estimated 150 people will be trained using the rural fire tutorial packages.

2004/05 performance	2003/04 performance
120 people trained.	164 people trained.

3.4.4 Rural fire course content provides the knowledge requirements of the relevant New Zealand Qualifications Authority unit standard.

2004/05 performance	2003/04 performance
Course content meet NZQA requirements.	Course content meet NZQA requirements.

3.4.5 To promote and encourage research in matters relating to rural fire control in partnership with rural stakeholders to:

- Better manage the risk of fire
- Better understand fire behaviour in different fuel types
- Provide improved standards for fire preparedness
- Improve the understanding of fire ecology in land management.

2004/05 performance	2003/04 performance
The wildfire threat analysis data is being analysed and used to assess fire risk by a number of fire authorities.	The wildfire threat analysis is now being rolled out to fire authorities.

Statement of Accounting Policies

For the year ended 30 June 2005

Reporting entity

These are the financial statements of the New Zealand Fire Service Commission (the Commission), a Crown entity under the Crown Entities Act 2004 and a body constituted under Section 4 (1) of the Fire Service Act 1975. These financial statements have been prepared in accordance with the Public Finance Act 1989.

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 other 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 derived from the Estimates of Expenditure as approved by the Ministers of Internal Affairs and Finance.

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

Section 48(12) of the Fire Service Act 1975 deems the proceeds of the fire service levy on contracts of fire insurance to be revenue of the Commission upon receipt. Levy proceeds are therefore recognised on a cash basis.

The revenue recognised in the Statement of Financial Performance includes all revenue from operating and special fund sources. The Rural Fire Fighting Fund has been established in accordance with the Fire Service Act 1975 to finance particular activities approved by the Commission.

Donated services

The operations of the Commission are dependent on the services provided by volunteer firefighters. Their contributions are essential for the provision of a comprehensive, efficient and effective emergency service throughout New Zealand. Donated services are not recognised in these financial statements because of the difficulty of determining their value with reliability.

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.

Property, plant and equipment

Land and buildings are stated at fair value, as determined by an independent registered valuer. Fair value is determined using market-based evidence and is determined by reference to the highest and best use of those assets. 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 re-valuing land and buildings are credited or debited to the revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the revaluation reserve, the debit balance will be expensed in the statement of financial performance.

All other fixed assets are valued at historical cost. Any write-down of an item to its recoverable amount is recognised in the statement of financial performance.

Individual fire brigades have independently acquired or received additional fixed assets, largely through fundraising and donations from local communities. While the majority of these assets are available for use in general operation, they are not considered to be “controlled” by the Commission 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 and capital work in progress, 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 an asset, a reassessment is made of that particular asset’s useful life. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings (including components)	10-70 years	1-10%
Fire appliances (including components)	20-30 years	3-5%
Motor vehicles	4-20 years	5-25%
Communications equipment	5 years	20%
SITE	10 years	10%
Operational equipment	4-10 years	10-25%
Non-operational equipment	5-10 years	10-20%
Computer equipment	4-10 years	10-25%
Leasehold improvements	3-10 years	10-33%
Leased assets	Life of lease	

The cost of leasehold improvements is capitalised and depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter.

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 Commission’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. This approach recognises the liability attributable to employees’ and volunteers’ services already rendered, and the liability is measured using expected future cash outflows.

Foreign currency

Foreign currency transactions are converted at the New Zealand dollar exchange rate at the date the contracted liability is established. 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 value 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 Commission is party to financial instruments as part of its normal operations. These instruments include bank deposits/overdrafts, 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 financial instruments for the bank deposits/overdrafts and debt have been approved by the Ministers in accordance with the Crown Entities Act 2004.

The Commission uses foreign exchange contracts to manage its foreign currency exposure in relation to the purchase of material fixed assets. All costs relating to foreign currency instruments are capitalised to the asset they relate.

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 Commission 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 Commission substantially all the risks and benefits incident to ownership of the leased asset 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 corresponding to lease liabilities are recognised in the statement of financial position. The leased assets are depreciated over the period the Commission 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 to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there 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 and current bank balances 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 outputs are costed against gross expenditure, including funds.

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

1. Direct costs are attributed to outputs (Direct costs are those costs directly attributable to an output).
2. Indirect costs relating to output delivery, administration and financing costs are allocated to the Operational Readiness output (Indirect costs include all costs other than direct costs).
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 Station Management System (SMS) operated by the Commission. Changes in the level of incidents and activities have the effect of varying the relative cost allocation between outputs.

Adoption of New Zealand International Financial Reporting Standards (NZIFRS)

The New Zealand Fire Service will be adopting New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) for the financial year commencing 1 July 2007. The Fire Service, in line with other crown entities, will adopt NZ IFRS at the same date.

The Fire Service's process for managing the transition to NZ IFRS has been to establish a project team to:

- develop NZ IFRS compliant accounting policies that are consistent with the NZ IFRS accounting policies being developed by the Treasury for New Zealand Crown Entities.
- identify the impacts of adopting these NZ IFRS compliant accounting policies.
- ensure systems and processes are in place to capture NZ IFRS comparative information through the 2006/07 financial year in parallel with current reporting requirements.

The Fire Service's NZ IFRS accounting policies have not yet been fully developed, so it is not possible to explain the key differences in accounting policies that are expected to arise from adopting NZ IFRS. The impacts on the financial report are therefore as yet unknown.

The actual impact of adopting NZ IFRS may vary from the information presented above and the variation may be material.

Statement Specifying Financial Performance

for the year ended 30 June 2005

The Commission agreed the following financial targets shown in the budget column with the Minister at the beginning of the year. How the Commission performed against these targets is reflected in the actuals:

	Actual 04/05 \$000	Budget 04/05 \$000
Total operating expenditure (excluding funds)	241,981	235,683
Contribution to the rural fire fighting fund from levy	100	1,000
Capital expenditure	33,654	43,900

Total expenditure on capital programs is less than estimated as a result of:

- Unforeseen delays in property programs due to resource consent issues
- Cancellation of the importation of two Bronto Aerial Appliances
- Delays in securing contracts for the production of Type 2, 3 and 4 Fire Appliances

Levy Receipts

	Actual 04/05 \$000	Budget 04/05 \$000
Levy receipts	249,040	235,421
Contribution to Rural Fire Fighting Fund	(100)	(1,000)
Net levy receipts	248,940	234,421

The levy rate remained constant throughout the year at 7.3 cents per \$100 of insured value. Increased compliance levels were experienced due to a better understanding of levy systems following release of the publication 'A guide to the New Zealand Fire Service Levy'. NZFS continued to develop broker relations through initiatives such as the Australian broker mail out and introduction of new levy forms following the 2003 Fire Service Regulations. Interest and penalty surcharge were consistently imposed on levy payers who failed to meet their statutory obligations.

The contribution to the Rural Fire Fighting Fund from the Levy is approved by the Minister of Internal Affairs. The Fund also receives a contribution from the Department of Conservation. The contributions from Fire Service Levy and Vote Conservation are in proportion to claims for costs of suppressing fires on Conservation Estates or other properties.

Total Operating Expenditure (excluding funds)

	Actual 04/05 \$000	Budget 04/05 \$000	Actual 03/04 \$000
Total operating expenditure (excluding funds)	241,981	235,683	230,282

The increase in the total operating expenditure between the two financial years was primarily driven by the 3% increase in salaries and wages and associated employment related costs from 1 July 2004 (\$3.8m). Provision has also been made based on the Employment Court judgement in relation to the interpretation of the Holidays Act 2003 of \$5.953m.

Included in the total operating expenditure are expenses of \$76,850 (2004 \$126,000) that have been offset by way of sponsorship and other contributions. These offsets have been recognised in the financial statements as revenue. Had it not been for the sponsorship and contribution the expenditure would not have occurred. These offsetting revenues and expenses were not anticipated in the estimates and have the effect of increasing gross expenditure and income.

Fund Expenditure

	Actual 04/05 \$000	Budget 04/05 \$000	Actual 03/04 \$000
Rural Fire Fighting Fund	1,123	1,450	2,847
Contestable Research Fund	418	550	550
Total fund expenditure	1,541	2,000	3,397

Expenditure from the fund accounts is dependent upon the claims made against those funds in any particular year. The Rural Fire Fighting Fund is impacted by the claims from rural fires and the Contestable Research Fund through the projects commissioned by the fund administrators.

Debt

	Actual 04/05 \$000	Budget 04/05 \$000	Actual 03/04 \$000
Debt	15,422	11,335	18,664

The debt refers to Finance Lease Contracts in place.

Statement of Financial Performance

for the year ended 30 June 2005

	Note	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
Operating Revenue				
Levy receipts		249,040	235,421	234,982
Interest		2,040	0	1,001
Other revenue	1	9,792	6,772	11,066
Total operating revenue		260,872	242,193	247,049
Operating Expenditure				
Personnel expenditure	2	162,978	157,735	150,639
Other expenditure	3	79,003	77,948	79,643
Total operating expenditure excluding funds		241,981	235,683	230,282
Fund expenditure	4	1,541	2,000	3,397
Total operating expenditure including funds		243,522	237,683	233,679
Net surplus/(deficit)	4	17,350	4,510	13,370

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

Statement of Movements in Equity

for the year ended 30 June 2005

	Note	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
Equity at beginning of year		302,898	274,936	241,871
Net surplus/(deficit) from operations	4	17,350	4,510	13,370
Reduction of fund accounts	12	(4,006)	0	0
Net increase in revaluation reserve	13	41,065	0	47,657
Total movement in equity for the year		54,409	4,510	61,027
Equity at end of year		357,307	279,446	302,898

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 2005

	Note	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
Current assets				
Cash and bank	6	29,898	0	22,175
Investments		0	0	3
Other current assets	7	3,304	3,946	2,847
Total current assets		33,202	3,946	25,025
Non-current assets				
Property, plant and equipment	8	405,886	346,617	354,132
Total non-current assets		405,886	346,617	354,132
Total assets		439,088	350,563	379,157
Current liabilities				
Employee and volunteer entitlements	10	16,257	39,539	9,272
Current portion of debt	11	4,993	0	6,082
Unamortised gain on sale and leaseback		257	0	106
Other current liabilities		20,342	20,243	17,905
Total current liabilities		41,849	59,782	33,365
Non-current liabilities				
Employee and volunteer entitlements	10	29,028	0	30,222
Unamortised gain on sale and leaseback		475	0	90
Term debt	11	10,429	11,335	12,582
Total non-current liabilities		39,932	11,335	42,894
Total liabilities		81,781	71,117	76,259
Equity				
Equity	9	142,458	130,532	124,501
Funds	12	2,759	4,828	7,261
Revaluation reserve	13	212,090	144,086	171,136
Total equity		357,307	279,446	302,898
Total liabilities and equity		439,088	350,563	379,157

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 2005

Note	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
Cash flows from operating activities			
Cash was provided from:			
Levy	249,040	235,421	234,982
Interest	2,040	0	1,001
Other revenue	8,869	6,772	11,082
Net GST received/(paid)	(792)	149	54
	259,157	242,342	247,119
Cash was disbursed to:			
Employees	(153,861)	(153,190)	(150,709)
Suppliers	(54,364)	(56,595)	(55,586)
Interest	(959)	(694)	(959)
	(209,184)	(210,479)	(207,254)
Net cash flows from operating activities	49,973	31,863	39,865
5			
Cash flows from investing activities			
Cash was provided from:			
Disposal of fixed assets	60	300	2,071
Disposal of investments	3	0	0
Cash was disbursed to:			
Purchase of fixed assets	(35,744)	(43,940)	(24,587)
	(35,681)	(43,640)	(22,516)
Cash flows from financing activities			
Cash was provided from:			
Borrowing debt	0	0	0
Cash was disbursed to:			
Borrowing debt from sale & leaseback of assets	0	0	853
Repayment of debt	(6,569)	(6,191)	(5,776)
Sale and leaseback of assets	0	0	0
Net cash flows from financing activities	(6,569)	(6,191)	(4,923)
Net increase/(decrease) in cash and bank	7,723	(17,968)	12,426
Add cash and bank at beginning of year	22,175	17,000	9,749
Cash and bank at end of year	29,898	(968)	22,175

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

Statement of Commitments

as at 30 June 2005

	Actual 2005 \$000	Actual 2004 \$000
Capital commitments	15,163	18,741
Operating lease commitments		
Not later than one year	3,485	2,454
Later than one year and not later than two years	2,499	1,841
Later than two years and not later than five years	4,092	3,996
Later than five years	4,060	2,255
Total operating lease commitments	14,136	10,546
Total commitments	29,299	29,287

Capital commitments relate to firm orders placed before the end of year. The majority of these are contracts for fire appliances, property and operational equipment. 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 2005

Contingent liabilities are disclosed at the estimated cost of a possible financial settlement.

	Actual 2005 \$000	Actual 2004 \$000
Personal grievances	5	0
Legal proceedings	0	50
Total contingent liabilities	5	50

The Commission is currently contesting other claims which have not been quantified due to the nature of the issues, their uncertainty of the outcome and/or the extent to which the Commission has a responsibility to a claimant.

Notes to the Financial Statements

for the year ended 30 June 2005

Note 1 - Other Revenue

	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
Commercial services	135	59	96
Private fire alarms revenue	1,582	1,540	1,545
Rural fire fighting contributions	623	0	3,277
False alarms	1,519	1,159	1,348
Rents	371	268	385
Contributions	1,966	1,961	1,961
Amortisation of gain on sale and leaseback	430	97	1,233
Fund reserve adjustments	1,396	0	0
Miscellaneous revenue	1,770	1,688	1,221
Total other revenue	9,792	6,772	11,066

Contributions of \$1.966m (2004 \$1.961m) were received from “good corporate citizens”. These are entities that do not insure their property portfolios against fire and have no liability for Fire Service levy payments.

Fund reserve adjustments relate to the write back of the Contestable Research Fund, Physical Competency Transition Fund and the Volunteer Needs Fund per the repeal of Section 58A of the Fire Service Act 1975.

Note 2 - Personnel Expenditure

	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
Salaries and wages	128,960	130,259	123,836
Holidays Act Settlement	5,953	0	0
Superannuation subsidy	11,784	11,361	12,962
ACC	1,231	1,365	1,330
Volunteers	3,760	3,881	3,518
Other personnel expenditure	11,290	10,869	8,993
Total personnel expenditure	162,978	157,735	150,639

The increase in personnel expenditure resulted from:

- Increase in salaries and wages per the collective agreement
- Payment of Physical Competency Assessment due for payment in 2004/05.
- Judgement of the Employment Court in relation to the interpretation of entitlements under the Holidays Act 2003.

Note 3 - Other Expenditure

	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
Remuneration of auditors - audit fees	149	133	130
Fees paid to Commissioners	112	112	112
Depreciation:			
Buildings	10,148	10,355	10,223
Fire appliances	4,565	4,635	4,980
Motor vehicles	132	148	349
Communications equipment	1,221	1,033	580
SITE	1,621	1,621	1,875
Operational equipment	1,686	1,558	1,362
Non-operational equipment	612	599	537
Computer equipment	2,961	3,200	1,359
Leasehold improvements	304	298	194
Leased communications equipment	711	602	741
Leased operational equipment	3,904	3,606	3,875
Leased non-operational equipment	56	55	154
Leased computer equipment	524	566	1,509
Total depreciation	28,445	28,276	27,738
Fixed asset write-offs			
Buildings	165	0	16
Fire appliances	17	0	380
Motor Vehicles	3	0	7
Computer equipment	4	0	1
Communications equipment	2	0	4
Operational equipment	21	0	26
Non-operational equipment	1	0	0
Total fixed asset write-offs	213	0	434
Decrease/(Increase) in provision for doubtful debts	21	5	(41)
Interest	4	8	31
Finance charge on finance lease	875	875	896
Rental expense on operating leases	3,550	3,688	3,697
Occupancy	6,920	7,396	7,272
Fleet	8,507	8,081	8,793
Supplies and consumables	5,388	5,593	5,771
Communications	5,326	5,174	5,899
Publicity and advertising	3,597	3,806	3,767
Other	15,895	14,802	15,144
Total other expenditure	79,003	77,948	79,643

During 2004/05, the Fire Service also engaged Audit New Zealand to undertake probity reviews of tender processes for a number of new contracts (\$39,380). During 2003/04 this amounted to \$23,985.

Note 4 - Net Surplus/(Deficit)

	Revenue 2005 \$000	Expenditure 2005 \$000	Net Surplus/(deficit) 2005 \$000	Net Surplus/(deficit) 2004 \$000
ACC Partnership Fluctuation Fund	0	0	0	0
Contestable Research Fund	418	(418)	0	0
Loss of Medical (Residual) Fund	3	0	3	3
Physical Competency Transition Fund	0	0	0	0
Rural Fire Fighting Fund	624	(1,123)	(499)	2,430
Volunteer Needs Fund	0	0	0	0
Total surplus (deficit) from funds	1,045	(1,541)	(496)	2,433
Total surplus/(deficit) from operations	259,827	(241,981)	17,846	10,937
Net surplus/(deficit)	260,872	(243,522)	17,350	13,370

The rural fire fighting fund revenue includes levy funding of \$0.1m (2004 \$2.0m).

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

	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
Net surplus/(deficit)	17,350	4,510	13,370
Add/(subtract) non-cash items:			
Depreciation	28,445	28,503	27,738
Decrease/(increase) provision for doubtful debts	21	0	(41)
Amortisation of gain on sale and leaseback	(430)	0	(1,233)
Fixed asset write-offs	213	0	434
Reversal of fund accounts to revenue	(1,814)	0	0
Increase provision for non-current employee and volunteer entitlements	(1,194)	0	(1,107)
Total non-cash items	25,241	28,503	25,791
Add/(subtract) movements in working capital:			
Increase/(decrease) in accounts payable and accruals	2,937	(1,150)	(1,840)
Increase/(decrease) in current employee and volunteer entitlements	6,985	0	1,062
Increase/(decrease) in provision accounts	(2,192)	0	0
Increase/(decrease) in other current assets	(458)	0	1,167
Net movements in working capital	7,272	(1,150)	389
Add items classified as investing activities:			
Loss on disposal of fixed assets	110	0	315
Total investing activity items	110	0	315
Net cash flows from operating activities	49,973	31,863	39,865

Note 6 - Bank Overdraft

The bank overdraft facility available totals \$250,000 and is unsecured. The current interest rate on the bank overdraft is 11% per annum (2004 10%). This is a floating rate set by the bank. The Commission maintains a wholesale advance facility up to a maximum of \$10 million with the Westpac Bank.

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

Note 7 - Other Current Assets

	2005 \$000	2004 \$000
Accounts receivable	3,114	2,635
Less provision for doubtful debts	(164)	(143)
	2,950	2,492
Prepayments	354	355
Total	3,304	2,847

Accounts receivable balances have increased with charges now being made for building consents per the Building Act 2004.

Note 8 - Property, Plant and Equipment

	Cost 2005 \$000	Revaluation 2005 \$000	Accumulated depreciation 2005 \$000	Net book value 2005 \$000
Land	1,941	126,101	0	128,042
Buildings	11,357	151,522	2,524	160,355
Fire appliances	157,389	0	105,826	51,563
Motor vehicles	2,299	0	1,458	841
Communications equipment	7,268	0	4,978	2,290
SITE	17,904	0	12,906	4,998
Operational equipment	18,504	0	9,159	9,345
Non-operational equipment	6,234	0	3,802	2,432
Computer equipment	15,407	0	6,454	8,953
Leasehold improvements	2,727	0	861	1,866
Leased assets:				
Communications equipment	1,349	0	711	638
Operational equipment	17,592	0	3,905	13,687
Non-operational equipment	167	0	56	111
Computer equipment	1,346	0	524	822
Work in progress:				
Buildings	4,985	0	0	4,985
Fire appliances	12,025	0	0	12,025
Computer equipment	1,971	0	0	1,971
Other	962	0	0	962
Total work in progress	19,943	0	0	19,943
Total	281,427	277,623	153,164	405,886

Note 8 - Property, Plant and Equipment (cont...)

	Cost	Revaluation	Accumulated depreciation	Net book value
	2004	2004	2004	2004
	\$000	\$000	\$000	\$000
Land	786	94,908	0	95,694
Buildings	7,268	146,858	1,714	152,412
Fire appliances	152,643	0	101,864	50,779
Motor vehicles	2,272	0	1,498	774
Communications equipment	6,227	0	4,166	2,061
SITE	17,904	0	11,284	6,620
Operational equipment	15,517	0	7,597	7,920
Non-operational equipment	5,711	0	3,236	2,475
Computer equipment	10,913	0	3,794	7,119
Leasehold improvements	2,041	0	557	1,484
Leased assets:				
Communications equipment	2,221	0	737	1,484
Operational equipment	14,679	0	779	13,900
Non-operational equipment	220	0	38	182
Computer equipment	4,472	0	1,486	2,986
Work in progress:				
Buildings	1,879	0	0	1,879
Fire appliances	5,786	0	0	5,786
Computer equipment	166	0	0	166
Other	411	0	0	411
Total work in progress	8,242	0	0	8,242
Total	251,116	241,766	138,750	354,132

Land and buildings were re-valued at fair value by Quotable Value New Zealand Limited, members of the New Zealand Institute of Valuers, as at 30 June 2005.

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 receiving emergency calls and dispatching resources to emergency incidents. These SITE assets include the computer aided dispatch software, Land Mobile Radio (LMR) network and associated telecommunications infrastructures. This asset is primarily housed in the communication centres shared with the New Zealand Police. The value capitalised reflects the Fire Service's proportional ownership of the SITE asset.

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

Note 9 - Equity

	Note	2005 \$000	2004 \$000
Equity at beginning of year		124,501	112,957
Revaluation realised on disposal of land and buildings	13	111	607
Net surplus from operations	4	17,846	10,937
Total movement from operations		142,458	124,501
Funds	12	2,759	7,261
Revaluation Reserve	13	212,090	171,136
		357,307	302,898

Note 10 - Employee and Volunteer Entitlements

	2005 \$000	2004 \$000
Current employee and volunteer entitlements		
Accrued salaries and wages	10,080	3,694
Accrued annual leave	4,649	3,987
Provision for long service leave and gratuities	1,528	1,591
Total current employee and volunteer entitlements	16,257	9,272
Non-current employee and volunteer entitlements		
Provision for long service leave and gratuities	29,028	30,222
Total non-current employee and volunteer entitlements	29,028	30,222
Total Employee and Volunteer Entitlements	45,285	39,494

Accrued salaries and wages include \$5.953m provision for the Employment Court judgment in relation to the interpretation of the Holidays Act 2003.

Note 11 - Debt

	2005 \$000	2004 \$000
Debt balances are comprised of the following:		
Capital expenditure debt	15,422	18,664
	15,422	18,664
(a) Current		
Finance lease liabilities	4,993	6,082
Unsecured debt	0	0
Total current debt	4,993	6,082
(b) Non-Current		
Finance lease liabilities	10,429	12,582
Unsecured debt	0	0
Total non-current debt	10,429	12,582
Analysis of finance lease liabilities		
Payable no later than 1 year	5,762	6,918
1-3 years	8,098	10,545
3-5 years	3,092	2,788
	16,952	20,251
Future finance charges	(1,530)	(1,587)
Total finance lease liability	15,422	18,664

The effective interest rate on the finance leases is 6.57% (2004 5.11%). The finance leases are secured over the assets to which they relate.

Note 12 - Funds

	Balance at beginning of year 2005 \$000	Net surplus/ (deficit) (note 4) \$000	Write back funds to income (note 1) \$000	Transfer funds to provision \$000	Balance at end of year 2005 \$000
ACC Partnership Fluctuation Fund	2,044	0	0	(2,044)	0
Contestable Research Fund	674	0	(674)	0	0
Loss of Medical (Residual) Fund	145	3	0	(148)	0
Physical Competency Transition Fund	1,000	0	(1,000)	0	0
Rural Fire Fighting Fund	3,258	(499)	0	0	2,759
Volunteer Needs Fund	140	0	(140)	0	0
Total	7,261	(496)	(1,814)	(2,192)	2,759

The sum of adjustments to closing balance of funds amounts to \$4.006m.

Note 12 - Funds (cont...)

	Balance at beginning of year 2004	Net surplus/ (deficit) (note 4)	Write back funds to income (note 1)	Transfer funds to provision	Balance at end of year 2004
	\$000	\$000	\$000	\$000	\$000
ACC Partnership Fluctuation Fund	2,044	0	0	0	2,044
Contestable Research Fund	674	0	0	0	674
Loss of Medical (Residual) Fund	142	3	0	0	145
Physical Competency Transition Fund	1,000	0	0	0	1,000
Rural Fire Fighting Fund	828	2,430	0	0	3,258
Volunteer Needs Fund	140	0	0	0	140
Total	4,828	2,433	0	0	7,261

The Accident Compensation Commission (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. It also allows for payments to be made to 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 Accident Compensation Commission (ACC) partnership fluctuation fund was closed in the 2004/05 financial year based on the repeal of section 58A of the Fire Service Act 1997. Remaining funds were transferred to a provision account.

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 expenditure. 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 contestable research fund was closed in the 2004/05 financial year based on the repeal of section 58A of the Fire Service Act 1975. Remaining funds were written back as revenue.

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 Fire Service superannuation fund. Contributions to the fund are received from those personnel who are covered by it. The loss of medical (residual) fund was closed in the 2004/05 financial year based on the repeal of section 58A of the Fire Service Act 1997. Remaining funds were transferred to a provision account.

The physical competency transition fund was established in 2002 under section 58A of the Fire Service Act 1975. The purpose of the fund is to provide for the remuneration of firefighters assigned to light duties through:

- Failing the physical competency assessment (PCA), or
- Accident or illness.

The physical competency transition fund was closed in the 2004/05 financial year based on the repeal of section 58A of the Fire Service Act 1975. Remaining funds were written back as revenue.

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. The volunteer needs fund was closed in 2004/05 based on the repeal of section 58A of the Fire Service Act 1975. Remaining funds were written back as revenue.

Note 13 - Revaluation Reserve - Land and Buildings

	Land 2005 \$000	Buildings 2005 \$000	Total 2005 \$000
Revaluation reserve at beginning of year	88,066	83,070	171,136
Revaluations	30,658	10,407	41,065
Realisation on disposal	0	(111)	(111)
Revaluation reserve at end of year	118,724	93,366	212,090
	Buildings 2004	Total 2004	
	\$000	\$000	\$000
Revaluation reserve at beginning of year	55,905	68,181	124,086
Revaluations	32,249	15,408	47,657
Realisation on disposal	(88)	(519)	(607)
Revaluation reserve at end of year	88,066	83,070	171,136

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 Commission 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 Commission enters into foreign exchange forward contracts to manage its foreign currency exposure in relation to supply contracts entered into for the purchase of fixed assets. Foreign exchange forward contracts in place at 30 June 2005, for Type 3 and Type 4 Appliances and Aerial Imports reach maturity within 12 months of balance date.

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 Commission, causing a loss to be incurred.

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

The Commission places its funds 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:

	2005 \$000	2004 \$000
Cash	29,898	22,175
Investments	0	3
Accounts receivable	2,950	2,492
Employee and volunteer entitlements	45,285	39,494
Debt	15,422	18,664
Accounts payable and accruals	20,342	17,905
Foreign exchange forward contracts	1,581	2,694

Note 15 - Related Party Disclosures

The Commission is a Crown entity. Crown entities are required 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 Commission and committee members during the year was:

	2005 \$000	2004 \$000
Dame Margaret Bazley, DNZM	50,000	50,000
Mr Terry Scott	15,500	15,500
Mr John Hercus	15,500	15,500
Dr Piers Reid	15,500	15,500
Ms Angela Foulkes	15,500	15,500
Mr Alan Isaac	5,600	6,000

Note 17 - Employee Remuneration

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

Band \$000	2005 Current Staff		2005 Ceased Staff	
	Non-operational	Operational	Non-operational	Operational
100 - 110	14	12		3
110 - 120	3	1		
120 - 130	3			
130 - 140	4			
140 - 150	2			
150 - 160	2			
160 - 170	2			
170 - 180				
180 - 190	3			
190 - 200	1			
200 - 210				
240 - 250				
270 - 280*	1			

* Chief Executive

Band \$000	2004 Current Staff		2004 Ceased Staff	
	Non-operational	Operational	Non-operational	Operational
100 - 110	11	20	1	1
110 - 120	3	3	2	
120 - 130	6	1	1	
130 - 140	3			
140 - 150	1			
150 - 160	2			
160 - 170	1			
170 - 180	3			
200 - 210			1	
240 - 250*	1			

* Chief Executive

The following factor contributed to the level of earnings of operational staff:

- The number of operational employees receiving over \$100,000 has reduced as a result of a reduction in the number of officer vacancies in Auckland.

There were no severance payments made in the 2004/05 year.

Note 18 Segmental Reporting

The Commission 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.

Map of Fire Regions

