

# FENZ and SFRS Financial Benchmarking Final Report

Fire and Emergency New Zealand

June 2024

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# 1 Executive Summary

## Our Approach

The overall purpose of the engagement is to establish a repeatable, actionable financial benchmarking framework that fits the unique context of fire and rescue organisations. FENZ and SFRS, the two current participants, present comparable data, given their similarity in population size and demographics. This financial benchmark has been designed with scalability in mind, with the aim of incorporating additional fire and rescue providers from different jurisdictions over time, further strengthening the effectiveness of the findings generated.

The development of the financial benchmark required extensive collaboration between FENZ and SFRS, facilitated by GTNZ. Subsequently, an iterative approach to the development of the benchmark has been undertaken. This Final Report is accompanied by a detailed methodology paper, highlighting the process followed and logic associated with the financial benchmark.

The financial benchmark has been built on a four-level data hierarchy, with increasing levels of granularity. The four-level categorisation logic combines two layers:

- Level 1 (L1) and Level 2 (L2) are based on business unit (FENZ) or cost centre (SFRS) categorisation of the expense line items.
- Level 3 (L3) and Level 4 (L4) are based on the general ledger (FENZ) or account sub-group (SFRS) categorisation of the expense line item.

At the highest level (Level One), expenses have been classed as one of the three following categories:

- 1 **Frontline:** Expenses directly associated with delivering services to the public and industry.
- 2 **Frontline Enabler:** Expenses which directly enable Frontline functions to operate.
- 3 **Corporate Overhead:** Expenses from maintaining business operations, that allow the organisation to function in an efficient manner and prepare for the future.

The financial categorisation framework has been approved by both FENZ and SFRS for this Final Report, with the dataset and data categorisation being validated by subject matter experts from both organisations.

This report identifies similarities and differences between the two providers, enabling further 'deep dives' into the identified trends. It is anticipated this analysis should enable efficiency, best practice, and cost saving practices to be identified later through inter-agency cooperation and engagement of operational personnel.

Given the repeatable and scalable nature of the benchmark, it is intended that additional international participants are added, building a best practice framework to allow fire and emergency services to learn from each other on a global scale.

Further information around the next steps can be found in [Section 5](#).

## Organisational Comparison

FENZ and SFRS are the two initial benchmark comparators. These two fire services were chosen as initial benchmarking partners due to the comparable geographic, climatic, and political environments in both New Zealand and Scotland. Additionally, both FENZ and SFRS operate in a compared fiscal context, both operating under budgetary constraints while executing their service.

The table below provides a key fact snapshot of the comparisons between FENZ and SFRS. Included below is an example of possible operational findings for comparable spend identified later in this report:



<b>Population<sup>1</sup></b>	5.161 million	5.436 million
<b>Personnel<sup>2</sup></b>	<b>14,777</b>	<b>7,619</b>
<b>Stations<sup>3</sup></b>	641	357
<b>Incidents<sup>4</sup></b>	85,425	95,709
<b>Operating Expenditure<sup>5</sup> (Financial Year 2023)</b>	\$737.3 Million NZD	\$617.4 Million NZD*** £296.0 Million GBP
<b>Comparable spend</b>	<b>\$597.35 M NZD</b>	<b>£282.46 M GBP</b> <b>(\$589.07 M NZD)</b>
<i>Total comparable spend per capita</i>	<i>\$116 NZD per capita</i>	<i>\$108 NZD per capita</i>
<i>Total comparable spend per incident</i>	<i>\$6,993 NZD per incident</i>	<i>\$6,155 NZD per incident</i>
<i>Total comparable spend per firefighter</i>	<i>\$57,693 NZD per firefighter</i>	<i>\$99,809 NZD per firefighter</i>
<i>Total comparable spend per station</i>	<i>\$931,903 NZD per station</i>	<i>\$1,650,057 NZD per station</i>

Further organisational comparisons between FENZ and SFRS, as well as information on the data sources used to inform this illustration can be found in [Section 2](#).

<sup>1</sup> stats.govt.nz/topics/population (2022), scotlandscensus.gov.uk/2022-results/scotland-s-census-2022-rounded-population-estimates

<sup>2</sup> All personnel, including volunteers and part-time employees. Full breakdown of personnel available in Section 2.1.

<sup>3</sup> 2022 FENZ Annual Report, 2022 SFRS Annual Report

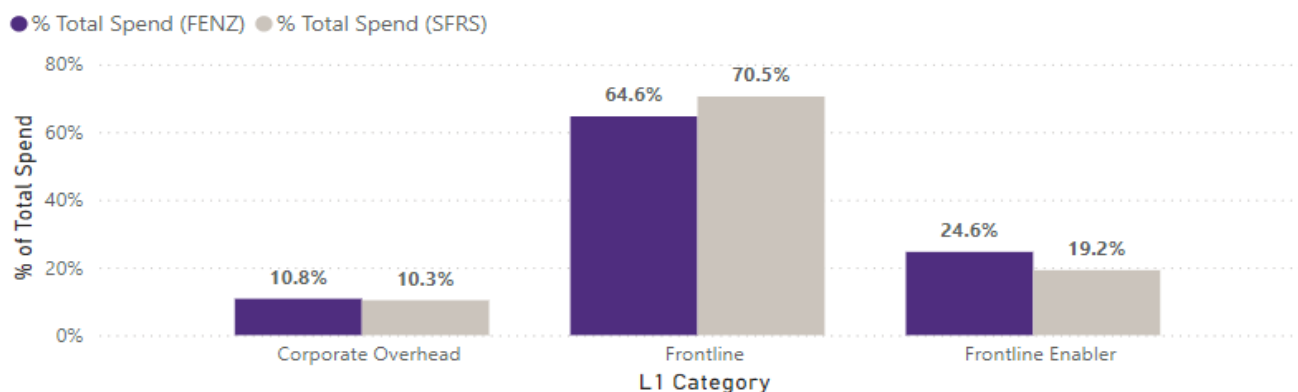
<sup>4</sup> 2022 FENZ Annual Report, 2022 SFRS Annual Report

<sup>5</sup> FY 2023 expense data provided by FENZ and SFRS

## Summary of findings

A breakdown of spend as a % of total organisation spend for financial year (FY23) is shown below for FENZ and SFRS:

### Spend by L1 Category



While the financial analysis has demonstrated that the split of expenses is generally comparable between FENZ and SFRS, there are differences in spend between organisations in the 'Frontline' and 'Frontline Enabler' categories. Many of these differences are driven by differences in the employee mix between both organisations.

Some key trends that partly explain these differences can be found below:

**Frontline:** FENZ 64.6% of total spend, SFRS 70.5% of total spend (5.9% difference).

Across both organisations, the largest category for spending is frontline. FENZ have a larger dependency on volunteers to provide fire and emergency services, particularly in rural communities when compared to SFRS. Across FENZ's Frontline personnel, 17.5% are full time employees and 82.5% are volunteers. Of SFRS's Frontline personnel, 52.7% are full time employees, 42.4% are 'retained', or part-time personnel, and the remaining 4.8% are volunteers.

Remuneration models also vary, with SFRS volunteers receiving an hourly rate of pay comparable with full-time personnel when responding to incidents. FENZ volunteers primarily receive cost reimbursement but no direct remuneration. This naturally increases the proportional spend of SFRS on Frontline, as they have higher remuneration obligations to maintain the service.

Personnel type	FENZ	SFRS
<b>Personnel<sup>6</sup></b>	<b>14,777</b>	<b>7,619</b>
Firefighters	10,354	5,902
<i>Career firefighters (Headcount)</i>	1,807	2,901
<i>Volunteer firefighters (Headcount)</i>	8,547	266
<i>Retained firefighters* (Headcount)</i>	0	2,735
Other personnel (Headcount)	4,423	1,717
<i>Management and support</i>	1,138	1,717
<i>Volunteer brigade support</i>	2,117	0
<i>Volunteer operational support</i>	1,168	0

\*Retained firefighters are an on-call reserve firefighters, working part-time.

**Frontline Enabler:** FENZ 24.6% of total spend, SFRS 19.2% of total spend (5.4% difference).

FENZ have 5.4% higher spend in the Frontline Enabler category compared to SFRS. FENZ have higher financial obligations in areas with significant costs per worker such as IT-related costs and equipment costs when compared to SFRS. This is because FENZ have a higher number of firefighting personnel (10,354 for FENZ, 5,902 for SFRS), due to the high proportion

<sup>6</sup> FENZ Annual Report 2023, SFRS Annual Report 2023

of volunteers. Having a higher reliance on volunteer Frontline workers also means that additional resources are required for training, coordination, and integration for FENZ compared to SFRS.

**Corporate Overhead:** FENZ 10.8% of total spend, SFRS 10.3% of total spend (0.5% difference). This category is overall consistent between the two organisations as a percentage of total spend.

Expenses have been broken down into further categories to understand differences between the organisations, as detailed in [Section 4](#).

### **The Engagement**

Pursuant to the terms of a Consultancy Services Order dated 9<sup>th</sup> October 2023, GTNZ has been engaged to assess the 'Current State' of FENZ's operational and fiscal status against an agreed benchmark (which we are required to develop). The findings are intended to help FENZ assess operational efficiency and to give FENZ the necessary information to address any actual or perceived shortcomings in FENZ's current operational and fiscal framework.

SFRS are the benchmark partner for the development of the framework.

**Disclaimer:** The findings in this Final Report have been validated, on a granular basis, by subject matter experts from both FENZ and SFRS. An extensive consultation process was facilitated by GTNZ, ensuring that both organisations are comfortable with the figures presented. A list of assumptions and limitations in this report can be found in [Section 6](#).

## 2 FENZ and SFRS Organisational Comparison

### 2.1 Organisational Comparison

This section contains an organisational comparison between FENZ and SFRS, supporting the rationale for using the SFRS as the initial benchmark partner with FENZ. Similarities between the two countries are an important factor, with Scotland and New Zealand having comparable geographic, climatic, and political environments.

Both FENZ and SFRS are having to actively manage capital and operational expenditure, with both operating under fiscal constraints.

Since the foundation of the Scottish Fire and Rescue Service in 2013 (merged from eight regional fire and rescue services), SFRS have been involved in active budget consolidation. Between 2013/14 and 2018/19 alone, SFRS's revenue budget fell by 12% in real terms<sup>7</sup>. Going forward, the same fiscal constraints are expected, as the Scottish Fire and Rescue Service has faced an £11 million budget cut this year with a further £25 million worth of savings needed to be found over the next three financial years<sup>8</sup>.

Scotland and New Zealand are comparable on a geographical, societal, and economic scale:

- Geographically, Scotland and New Zealand both have temperate climates, extensive coastline, and large areas of rural land consisting of farm / agriculture and forested areas.
- Scotland and New Zealand have similar political systems and economic performance, both being considered democratically stable.
- Scotland and New Zealand have similar populations. However, there is a major geographical difference between Scotland and New Zealand in terms of size. New Zealand has a landmass of 268,021 km<sup>2</sup> compared to Scotland's 77,910 km<sup>2</sup>.

The table below provides a snapshot of the comparisons between FENZ and SFRS.



Population <sup>9</sup>	5.161 million	5.436 million
<b>Personnel<sup>10</sup></b>	<b>14,777</b>	<b>7,619</b>
Firefighters	10,354	5,902
<i>Career firefighters (Headcount)</i>	1,807	2,901
<i>Volunteer firefighters (Headcount)</i>	8,547	266
<i>Retained firefighters* (Headcount)</i>	0	2,735
Other personnel (Headcount)	4,423	1,717
<i>Management and support</i>	1,138	1,717
<i>Volunteer brigade support</i>	2,117	0
<i>Volunteer operational support</i>	1,168	0
Career firefighters per person	1 in 2,836	1 in 1,874
Firefighters per person	1 in 495	1 in 921

<sup>7</sup> Scottish Fire and Rescue: An update, Scottish Auditor General, 2018

<sup>8</sup> <https://www.firescotland.gov.uk/about/operational-changes-202324/>

<sup>9</sup> [stats.govt.nz/topics/population](https://stats.govt.nz/topics/population) (2022), [scotlandscensus.gov.uk/2022-results/scotland-s-census-2022-rounded-population-estimates](https://scotlandscensus.gov.uk/2022-results/scotland-s-census-2022-rounded-population-estimates)

<sup>10</sup> FENZ Annual Report 2023, SFRS Annual Report 2023

<b>Stations<sup>11</sup></b>	641	357
Geographic size	268,021 km <sup>2</sup>	77,910 km <sup>2</sup>
Stations per 1000 square km	2.392	4.582
<b>Incidents<sup>12**</sup></b>	85,425	95,709
Fires	18,453	27,771
Non-fire incidents	37,958	15,292
False alarms	29,014	52,646
<b>Operating Expenditure (FY23)<sup>13</sup></b>	\$737.3 Million NZD	£296.05 M GBP (\$617.41 M NZD <sup>***</sup> )

\* Retained firefighter means an on-call reserve firefighter, working part-time.

\*\* The incident data is from the 2021-2022 reporting year as this was the most recent year that comparable statistics were available.

\*\*\* £1 GBP = \$2.0855 NZD as of 22/04/2024<sup>14</sup> (please note this is currency conversion is provided for indicative purposes, we do not pass comment or opine on purchasing power of the respective service providers)

## 2.2 FENZ functions

The functions of FENZ are defined in the Fire and Emergency Act 2017 and are divided into two sections: main functions and additional functions. Main functions capture aspects of the service that FENZ has the legal mandate and accountability to uphold. For additional functions, another agency has the legal mandate, but FENZ provides assistance and is often first on the scene. The additional functions are only to be carried out if the capacity to respond to the main functions is maintained.

### Main Functions

- to promote fire safety, including providing guidance on the safe use of fire as a land management tool; and
- to provide fire prevention, response, and suppression services; and
- to stabilise or render safe incidents that involve hazardous substances; and
- to provide for the safety of persons and property endangered by incidents involving hazardous substances; and
- to rescue persons who are trapped as a result of transport accidents or other incidents; and
- to provide urban search and rescue services

### Additional Functions

- responding to medical emergencies; and
- responding to maritime incidents; and
- performing rescues, including high angle line rescues, rescues from collapsed buildings, rescues from confined spaces, rescues from unrespirable and explosive atmospheres, swift water rescues, and animal rescues; and
- providing assistance at transport accidents (for example, crash scene cordoning and traffic control); and
- responding to severe weather-related events, natural hazard events, and disasters; and
- responding to incidents in which a substance other than a hazardous substance presents a risk to people, property, or the environment; and
- promoting safe handling, labelling, signage, storage, and transportation of hazardous substances; and
- responding to any other situation, if FENZ has the capability to assist.

<sup>11</sup> 2022 FENZ Annual Report, 2022 SFRS Annual Report

<sup>12</sup> 2022 FENZ Annual Report, 2022 SFRS Annual Report

<sup>13</sup> FY 2023 expense data provided by FENZ and SFRS

<sup>14</sup> <https://www.google.com/finance/quote/GBP-NZD>



## 2.3 SFRS functions

The functions of SFRS are likewise divided into two sections: principle fire and rescue functions and ancillary functions. These are laid out in the Fire (Scotland) Act 2005 and The Police and Fire Reform (Scotland) Act 2012.

### Principle Fire and Rescue Functions

- Promote fire safety. Provide information, publicity, and encouragement in respect of the steps to be taken to prevent fires and death or injury by fire.
- Provide advice on request about how to prevent fires and restrict their spread in buildings and other property and the means of escape from buildings and other property in the event of fire.
- Extinguish fires. protect life and property in the event of fires in its area.
- Rescuing persons in the event of road traffic accidents and protecting persons from serious harm in the event of road traffic accidents.

### Ancillary Functions

- Take any action it considers appropriate in response to an event or situation that causes or is likely to cause a person to die, be injured or become ill; or harm to the environment (including the life and health of plants and animals and the fabric of buildings)
- Provide the services of any personnel or equipment, to any person for any purpose that appears to the authority to be appropriate.
- The service may establish and maintain one or more centres for providing education and training in matters in relation its functions.

## 2.4 Functional differences between both organisations

Overall, the two organisations provide very similar functions. The main differences occur from what is classed as a primary or ancillary function for each organisation. Based on the scope of the two countries' respective acts, the respective differences in services are:

- Stabilising or rendering safe, incidents that involve hazardous substances is not a primary function of SFRS.
- Providing for the safety of persons and property endangered by incidents involving hazardous substances is not a primary function of SFRS.
- Providing urban search and rescue services is not a primary function of SFRS.
- The ancillary functions of SFRS are generically defined as to take any action to respond to any situation in which persons, the environment, or buildings may be caused harm. Because of this they cover the additional functions of FENZ which are more well defined.
- SFRS must maintain fire hydrants. For FENZ, this is handled by local authorities.

### 3 Drivers of differences in financial benchmark

The financial benchmark represents the first time that FENZ or SFRS have had a meaningful financial comparison to this level of detail with a comparable organisation in their industry.

The categorisation logic has been developed to reflect the individualities of a fire and rescue service. To create a reflective financial categorisation logic, transaction line data at both the business unit (BU) / cost centre (CC) level, as well as at general ledger (GL) level has been integrated and matched.

The following findings have been generated through this analysis:

- The split of expenses between Frontline, Frontline Enabler and Corporate Overhead are generally comparable between both organisations.
- Differences have been identified in staffing models and regulatory obligations. Reimbursement complicates the comparison of personnel-related expenses.
- Apart from personnel costs, the nature of expenditure of both organisations is sufficiently comparable to generate insights.

#### 3.1 Data filtering

The starting point for building the financial benchmark was the Operating Expenditure figure reported in the annual reports of both organisations. As the aim of this report is to generate comparable findings between both organisations, a series of data filters have been applied to the raw data. These data filters are:

**Unclassified Spend:** Unclassified spend contains areas identified as incomparable between organisations. This includes:

- Pension/superannuation costs. These are excluded as SFRS firefighters' pensions are paid by the Scottish Government, not SFRS.
- Depreciation and amortisation. These are not included in the operational expenditure of SFRS.
- Bad debts, write-offs, and gains/losses on disposal.
- Hydrant maintenance. SFRS maintains hydrants whereas this is handled by local authorities in New Zealand.
- Finance costs, including interest paid/received, and FX transactions.

This is discussed in more detail in the methodology report that accompanies this final report.

**One-off projects:** Projects that are non-repeatable, not enhancing an existing process or system, and represent significant spend. As an example, FENZ's implementation of a Human Resource Information Management (HRIS) and SFRS's New Mobilising System have been recognised as one-off projects for the purposes of this report. One-off projects fitting this definition have been identified by the subject matter experts at both FENZ and SFRS.

**Personnel Spend:** Any costs directly related with any personnel employed or volunteering within the organisation. This includes contract settlement, food, pay, medical, personnel cost of training (the personnel cost of training excludes building and equipment costs of training), travel, insurance, and any other costs which are paid to or incurred by personnel. These have been filtered out in [Section 4](#) Spending Category Analysis and are explained more in [Section 3.3](#).

The table below illustrates the filters applied to the data for the purposes of this report:

Area	FENZ spend (FY23)	SFRS spend (FY23) <sup>15</sup>
Operating Expenditure	\$737.30 M NZD	£296.05 M GBP (\$617.41 M NZD)
Less unclassified spend*	\$109.11 M NZD	£11.15 M GBP (\$23.25 M NZD)

<sup>15</sup> £1 GBP = \$2.0855 NZD as of 22/04/2024

<i>Depreciation and amortisation</i>	\$75.22 M NZD	£0.00 M GBP (\$00.00 M NZD)
<i>Pensions / superannuation</i>	\$30.62 M NZD	£6.81 M GBP (\$14.20 M NZD)
<i>Other unclassified spend</i>	\$3.27 M NZD	£4.34 M GBP (\$9.05 M NZD)
Less one-off projects	\$30.84 M NZD	£2.44 M GBP (\$5.09 M NZD)
<b>Comparable spend</b>	<b>\$597.35 M NZD</b>	<b>£282.46 M GBP</b> <b>(\$589.07 M NZD)</b>
Less personnel spend	\$451.64 M NZD	£229.38 M GBP (\$478.37 M NZD)
<b>Comparable non-personnel spend</b>	<b>\$145.71 M NZD</b>	<b>£53.08 M GBP</b> <b>(\$110.70 M NZD)</b>

The filter criteria used in this report are outlined in more detail in [Section 9](#).

### 3.2 Core drivers of spending differences

While the total spend figures show the spending percentage split between FENZ and SFRS at an organisational level, the additional value of this financial benchmark is in understanding the underlying drivers of these differences. By understanding these underlying factors, both organisations should be able to identify areas for joint investigation, extract actionable insights, and collaborate to create organisational and cost efficiencies.

At present, we have identified two primary drivers of spending differences between FENZ and SFRS:

#### 1) Workforce make-up

The nature of volunteers is a major difference between FENZ and SFRS. FENZ has a significantly higher percentage of their workforce who are classified as 'volunteers', as well as a different reimbursement model for volunteers. SFRS volunteers earn an hourly wage for time spent responding to incidents, this is not replicated in New Zealand. This increases the percentage of Frontline spend for SFRS compared to FENZ, as FENZ supplements career firefighter costs with a large amount of unpaid, volunteer labour.

An overview of the differences between volunteers in both organisations can be found below:

Area	FENZ	SFRS
<b>Definition of volunteer (remuneration model)</b>	Volunteers are reimbursed for certain costs incurred as part of their engagement with FENZ but receive no hourly salary for time spent responding to incidents.	Volunteers receive an hourly wage for time spent responding to incidents, as well as being reimbursed for certain costs incurred as part of the engagement with SFRS.
<b>% Volunteers</b>	80%	3.5%
<b>% Career employees</b>	20%	60.6%
<b>% Part-time employees</b>	0%	35.9%

## 2) Service and legislative differences

While the services provided by both FENZ and SFRS are generally comparable, there are some service obligations and legislative differences that influence the spend on headcount and supporting services.

New Zealand's Fire and Emergency Act 2017 encompasses various responsibilities that are not specified in Scotland's Fire Act 2005. These include services such as responding to incidents involving hazardous substances and urban search and rescue. Scotland's Fire Act does refer to 'ancillary functions', which establishes SFRS's responsibility to respond to any situation in which persons, the environment, or buildings may be caused harm. These ancillary functions encompass some aspects of the FENZ mandated services but aren't explicit in the Scottish Fire Act. More details on the respective functions of FENZ and SFRS have been described in [Section 2.4](#).

## 3) Outsourced functions

Both FENZ and SFRS outsource different activities within their service. There are various functions which one organisation outsources, while the other performs in-house. Comparing costs in areas with varying levels of outsourcing is difficult within the benchmark model.

This is particularly evident when personnel costs are excluded (see Section 4), as in-house personnel costs are excluded. Outsourced personnel costs (often, but not always categorised as professional fees) are included in this view.

For example, FENZ outsources fleet maintenance whereas SFRS performs this in-house. This leads to the following observation when excluding personnel costs:

- FENZ appears to spend more (over 3x in NZD equivalent) on fleet repairs and maintenance as the FENZ spend figure includes all labour costs from outsourced maintenance personnel.
- SFRS non-personnel costs of fleet maintenance are lower, as the labour costs of fleet maintenance are excluded, leaving only the building, parts, and other costs associated with fleet maintenance.

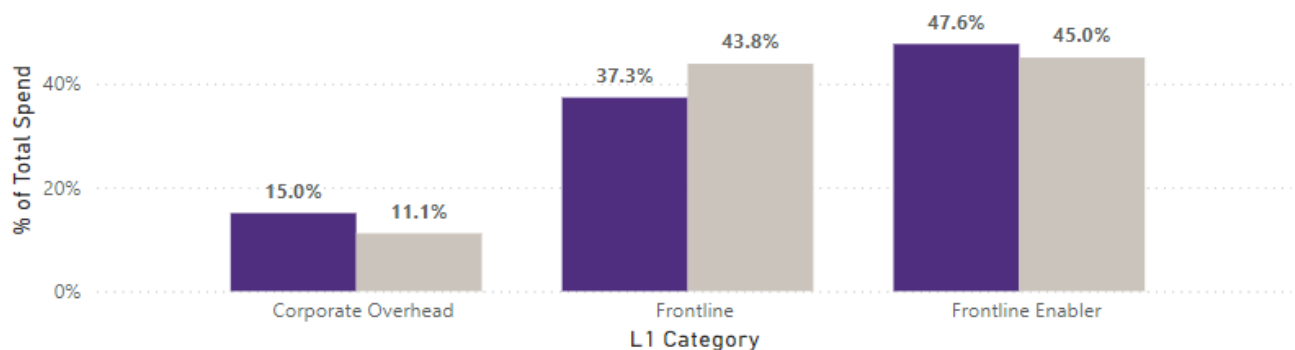
## 3.3 Non-personnel spend

As identified above, personnel-related spend skews the data due to workforce split, differences in pay rates, pensions / KiwiSaver obligations, different organisational functions and required staffing levels. As the objective of this report is to compare both organisations with a view to identifying operational efficiencies, non-personnel spend is potentially more valuable as a comparison.

**Breakdown of spend as a % of total organisation spend FY23 is shown below for FENZ and SFRS (excluding personnel):**

### Spend by L1 Category (excluding personnel)

● % Total Spend (FENZ) ● % Total Spend (SFRS)



Removing personnel expense changes the spending allocations across both organisations compared to the overall spend breakdown shown in the [Executive Summary](#):

- Frontline Enabler costs (not Frontline costs, as before) make up the highest proportion of non-personnel costs (47.6% and 45.0% for FENZ and SFRS, respectively). When personnel costs are included, Frontline costs are the largest cost category for both organisations.
- Corporate Overhead costs make up 15.0% / 11.1% of non-personnel costs for FENZ / SFRS, respectively. This is a higher proportion of expenditure than when personnel costs are included (10.8% / 10.3% for FENZ / SFRS, respectively).

Further details and context on the key findings generated to date can be accessed in [Section 4](#).

Further details around next steps can be found in [Section 5](#).

## 4 Spending Category Analysis

The initial findings outlined below have been generated following the benchmarking methodology developed by GTNZ, utilising one year of financial data from both FENZ and SFRS to compare current operating expenditure.

These findings are intended to present initial financial similarities and differences between FENZ and SFRS, identifying a baseline for comparing the two organisations over time. Additionally, the findings presented in this section are only a sub-set of the results possible using the PowerBI dashboard.

Below, we outline our initial findings generated from our comparison of non-personnel spend across identified categories, comparing business units / cost centres and service types. The category analysis below compares the percentage of spend at a category-level, not at an overall organisational level. This caveat should be considered when drawing conclusions from the below section, as the percentage differences identified represent differences in spend within the selected category rather than differences in percentage of organisational spend.

**The findings in this report are intended to act as a catalyst for both organisations to bring subject matter experts together to investigate the underlying reasons for spending differences.**

We also outline initial findings from investigating differences in L2 and L4 spend within each of the three Level 1 categories, generated from our comparison of non-personnel spend across identified categories, comparing business units / cost centres and service types. We have set out a number of potential questions which could guide subsequent analysis, which should enable insights on the efficiency, best practice and cost saving measures to be generated.

We note the proportion of spend in each category may differ between FENZ and SFRS for one of these two reasons:

- Due to the assumptions and limitations listed in [Section 6](#).
- The actual split between the categories differs between FENZ and SFRS.

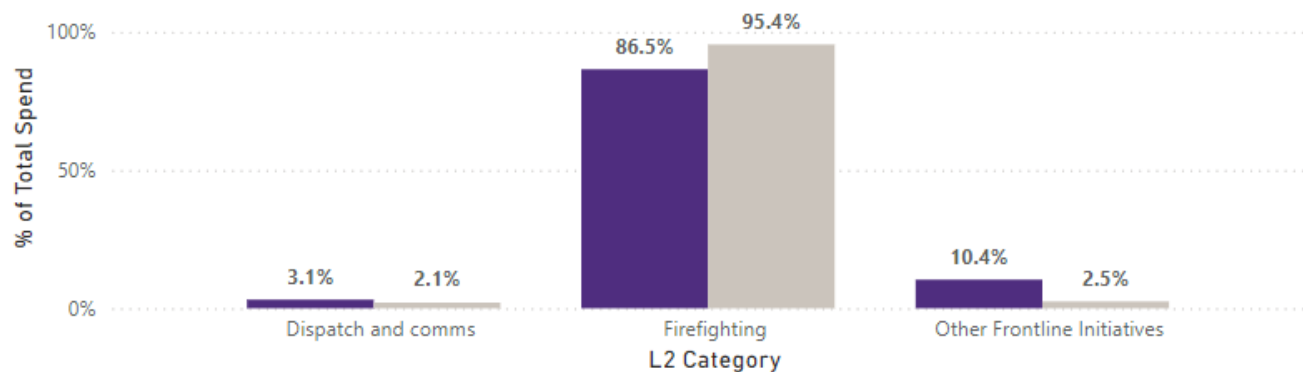
## 4.1 Frontline

### 4.1.1 Functional spend breakdown

A breakdown of the FY23 spend within the Frontline category excluding personnel costs is shown in the figure below.

#### Frontline Spend by L2 Category (excluding personnel)

● % Total Spend (FENZ) ● % Total Spend (SFRS)



- Frontline spend is dominated (~90%) by Firefighting costs. The graph above indicates a higher (+8.9% of total spend) firefighting cost for SFRS relative to FENZ.
- SFRS spent less in Other Frontline Initiatives than FENZ. This is in part as FENZ has more business units that allow these costs to be separated. From discussions with both organisations, there are a significant proportion of firefighting costs which are the natural byproduct of firefighters' downtime (given the relative time on duty versus attending a fire). During this downtime, other frontline initiatives, such as prevention and protection are executed.
- FENZ have a higher proportion of dispatch and comms costs as non-personnel costs.

### 4.1.2 Breakdown by general ledger categories

A different way of comparing the two organisations is to compare percentage spend across categories of GL spend, rather than functional categorisations as shown above. Below is an overview of selected findings between FENZ and SFRS (by GL-categories) within Frontline expenses:

GL Category	% of Non-personnel, Frontline Spend FENZ	% of Non-Personnel, Frontline Spend SFRS	Difference (%)
Rates	7.27%	27.13%	19.86%
Equipment	23.04%	9.26%	13.78%
Energy	5.61%	18.63%	13.02%
Property Repairs, Maintenance, and Services	2.75%	13.39%	10.64%
Community Outreach	10.48%	1.20%	9.28%
Computers & Communications	7.36%	0.00%	7.36%
Vegetation Firefighting Support	6.32%	0.00%	6.32%
Leased Vehicles	5.38%	0.00%	5.38%
Property Management Fees	0.05%	5.24%	5.19%
Professional Fees	2.93%	0.02%	2.91%
Office	1.88%	0.70%	1.18%

Below we set out some questions to consider in understanding the differences between the two organisations:

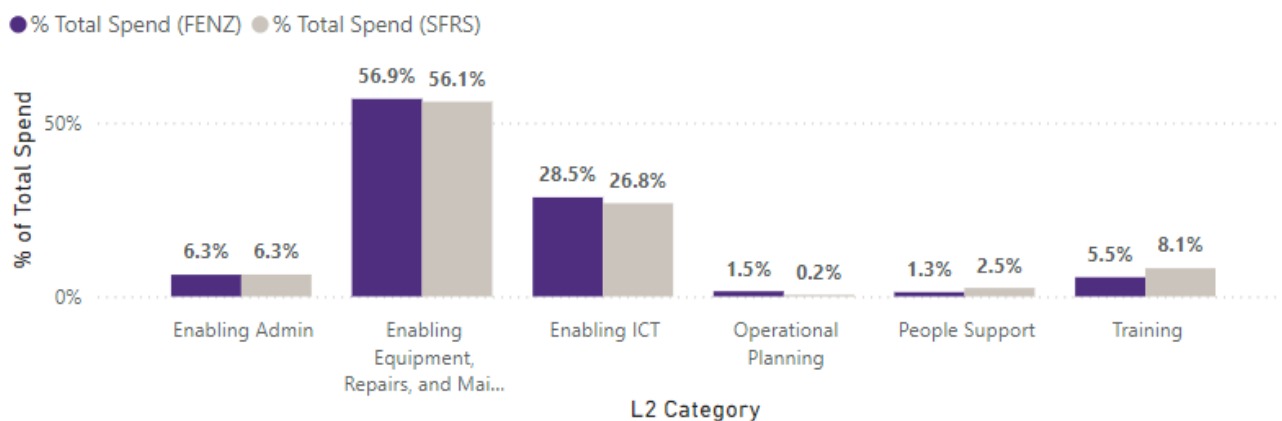
- Rates question: What underlying jurisdictional requirements might be leading to the difference in rates? Does SFRS simply own a higher proportion of their properties or is there an element of rate forgiveness / exclusion for FENZ? Can the fire services negotiate to have these rates reduced, due to the essential nature of their work in the area they operate?
- Equipment: What equipment is being utilised at the frontline level? Does FENZ require more equipment due to the functions they are required to perform or higher firefighter numbers? What asset management protocols are followed by each organisation and how does this affect annual equipment expenses?
- Energy: Are there differences in price of energy between the two organisations? Are there things that FENZ are doing to reduce their energy bill that SFRS aren't?
- Property Repairs & Maintenance: Are property costs (e.g. Repairs & Maintenance, Rates, Energy), higher in Scotland, generally? Does the structure of the two organisation's accounts mean these costs need to be changed to the frontline enabler category? How do building codes compare across both countries and does that influence associated property management costs?
- Community Outreach: How is community outreach managed in both organisations? Is this outsourced? Is a local, regional or national approach more effective? Can you spend less on community outreach and still achieve similar outcomes?
- Computers & Communications: How does the service offering compare for Other Frontline Initiatives and dispatch and comms for both organisations? Are there core differences in the service provided? Could some spend on computers & communications in frontline enabler or corporate overhead be attributed to frontline?
- Vegetation firefighting: Does the Community Asset Register in Scotland provide sufficient vegetation firefighting support? Can FENZ gain access to similar assets, from the community or other public organisations?
- Vehicle leasing: What are the current leasing models for vehicles across the two organisations?
- Office costs: How are routine costs, such as office costs managed in both organisations? Are the office costs of FENZ higher due to increased supporting staff for volunteers? Are there procurement or procedural efficiencies that can be gained?
- Professional Fees: How are professional fees used in a frontline capacity across both organisations? Does FENZ have more ongoing Frontline improvement programmes underway that explain the additional expenditure in professional fees?

## 4.2 Frontline Enabler

### 4.2.1 Functional spend breakdown

A breakdown of the FY23 spend within the Frontline Enabler category excluding personnel costs is shown in the graph below.

#### Frontline Enabler Spend by L2 Category (excluding personnel)



- The majority of L2 categories within the Frontline Enabler category have similar proportions of spend between SFRS and FENZ.
- Training expenses are a lower percentage of non-personnel spend between FENZ (5.5% of total spend) and SFRS (8.1% of total spend).

### 4.2.2 Breakdown by general ledger categories

A different way of comparing the two organisations is to compare percentage spend across categories of GL spend, rather than functional categorisations as shown above. Below is an overview of selected findings between FENZ and SFRS (by GL-categories) within Frontline Enabler expenses:

GL Category	% of Non-personnel, Frontline Enabler Spend FENZ	% of Non-Personnel, Frontline Enabler Spend SFRS	Difference (%)
Property Repairs, Maintenance, and Services	17.51%	32.01%	14.50%
Repairs & Maintenance - Fleet	23.31%	9.92%	13.39%
Rates	0.23%	5.57%	5.34%
Equipment	9.13%	4.60%	4.53%
Non-personnel Insurance	4.61%	7.96%	3.35%
Computers & Communications	29.54%	26.34%	3.20%
Energy	0.99%	3.17%	2.18%
Clothing	2.29%	0.44%	1.85%
Leased Vehicles	1.64%	-0.04%	1.68%
Rent	1.55%	0.08%	1.47%
Professional Fees	4.35%	3.34%	1.01%



Below we set out some questions to consider in understanding the differences between the two organisations:

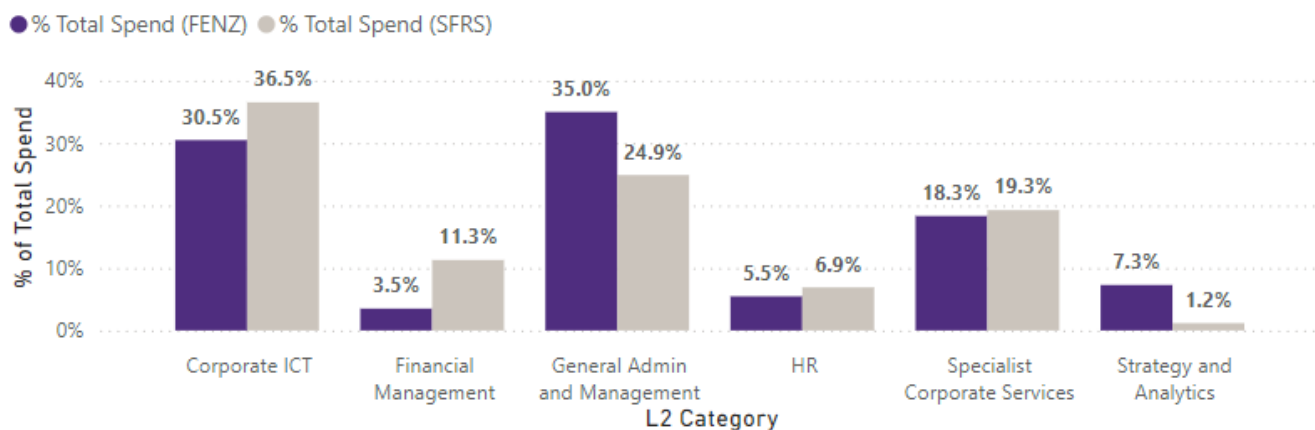
- **Property Repairs & Maintenance:** Are property costs (e.g. Repairs & Maintenance, Rates, Energy), higher in Scotland? Is FENZ more efficient with the property it uses for enabling functions? What is the state of SFRS's property assets compared to FENZ, do they require more maintenance?
- **Fleet Repairs & Maintenance:** Does the outsourcing of fleet maintenance at FENZ explain the difference in spend? Do FENZ have fire appliances which require more repairs and maintenance (is the age of the current fleet reflective of this)? Are the per appliance repair costs similar? Does SFRS require more travel to enable frontline activities, thus incurring larger fuel costs?
- **Non-Personnel Insurance:** What underlies the higher non-personnel insurance costs for SFRS? Is that caused by regulatory obligations, higher premiums, contract management difference or something else?
- **Training:** How is training structured in both organisations? What level of training is given to career firefighters, volunteers and other Frontline staff in both organisation? Is this national, regional or local in nature? What digital platforms are used and how much of the cost is travel-related?
- **Professional Fees:** What services are required to enable frontline activities at both organisations, i.e. does FENZ require professional services where SFRS requires other services? Is the spend by FENZ in professional fees of similar nature to what SFRS call a service?
- **Computers & Equipment, Enabling ICT:** How does the IT-architecture compare between both organisations? What effect does a volunteer-led operating model have on administration costs? What is the comparable age and sophistication of the hardware and digital set up for each organisation?
- **Equipment:** How does asset management compare in both organisations? Is this simply a reflection of different capitalisation models across organisations? What is the per firefighter equipment cost? Is FENZ's increased proportion of spend on equipment driven by differences in asset management norms (i.e. lower asset lifecycle), differences in contract management, or something else?

## 4.3 Corporate Overhead

### 4.3.1 Functional spend breakdown

A breakdown of the FY23 spend within the Corporate Overhead category excluding personnel costs is shown in the figure below.

#### Corporate Overhead Spend by L2 Category (excluding personnel)



Expenses within Corporate Overhead are higher for FENZ than SFRS in the General Admin and Management, and Strategy and Analytics categories. On the other hand, Financial Management and Corporate ICT spend is higher for SFRS, with other categories comparable between organisations.

### 4.3.2 Breakdown by general ledger categories

A different way of comparing the two organisations is to compare percentage spend across categories of GL spend, rather than functional categorisations as shown above. Below is an overview of selected findings between FENZ and SFRS (by GL-categories) within Corporate Overhead expenses:

GL Category	% of Non-personnel, Corporate Overhead Spend (FENZ)	% of Non-Personnel, Corporate Overhead Spend (SFRS)	Difference (%)
Professional Fees	34.55%	14.93%	19.62%
Non-personnel Insurance	6.15%	25.01%	18.86%
Rent	13.90%	0.03%	13.87%
Computers & Communications	29.33%	36.58%	7.25%
Property Repairs, Maintenance, and Services	1.95%	7.30%	5.35%
Grants	4.33%	0.00%	4.33%
Other Costs - Non-Personnel	2.27%	6.53%	4.26%
External Research and Development	3.75%	0.00%	3.75%
Energy	0.47%	2.68%	2.21%
Clothing	0.15%	1.50%	1.35%

Below we set out some questions to consider understanding the differences between the two organisations:

- Professional Fees: How are outside services used to support the corporate functions of both organisations? What is the total cost associated with each approach? Do differences in the respective labour markets mean that FENZ are more reliant on third party vendors to support back-office functions? How is professional fee spend managed by each entity and what restrictions / protocols are in place?
- Non-personnel Insurance: Are insurance rates higher in Scotland? Do FENZ and SFRS insure the same assets? Are there differences in contract management and terms in non-personnel insurance?
- Rent, Property Repairs and Maintenance: What is the ownership structure of back-office buildings across both organisations? Does this lead to higher rent costs for FENZ and higher ownership costs for SFRS?
- Corporate ICT, Computers and Communications: How is corporate ICT structured in both organisations? Does FENZ require more back office (office costs) to deal with volunteers? Are there systems that can be used to drive operational efficiencies or cost savings that haven't been considered? Do both organisations have a different outsourcing model?
- External Research and Development: How is research and development structured in both organisations? What is the return from these activities? How can the international fire and emergency community learn from each other in these areas?
- Strategy and Analytics: Do both organisations have similar strategy and analytics functions? Does extra spend in this category create efficiencies that reduces spend across other categories?
- General Admin and Management: Is there a higher management overhead associated with the logistics of a larger volunteer base for FENZ? Does the management structure at SFRS create back-office efficiencies? Is the spend lower for SFRS or is this a reflection of their accounting structure?

## 5 Next Steps

This report represents a benchmark for a single year of operational expenditure between FENZ and SFRS. Additionally, it only investigates a small sample of the possible areas for deep dives within the PowerBI model. There are more ways to filter the data to gain insights that may be valuable to both organisations. The completion of the financial benchmark gives FENZ and SFRS the basis to:

- Drive cost efficiencies across both organisations, identifying areas where cost savings can be achieved.
- Establish good practice in the fire and emergency industry. Collaborating to co-design solutions to common problems.
- Drive operational insights, identifying areas where new, innovative approaches can improve public outcomes.
- Identify areas that may need improvement, using the comparable financial data.

We recommend that FENZ and SFRS undertake the follow steps to maximise the value of the work delivered thus far on the financial benchmark.

### 5.1 Trend deep dives

The financial benchmark serves as a powerful tool to identify differences between both organisations. Building upon the strong collaboration between FENZ and SFRS thus far in the process, we recommend that the respective teams at both FENZ and SFRS form working groups to find the underlying causes of spending differences between the two organisations, with a view to finding innovative solutions to common challenges.

Potential areas for future investigation include, but are not limited to:

- The pros and cons of FENZ's volunteer-focused operating model. How does this compare to a mostly professional service, such as SFRS?
- Equipment and Repair and Maintenance expenses and protocols across both organisations. How can effective asset management and asset ownership models influence service delivery outcomes and total cost of ownership?
- What does good practice look like in the incident prevention? How can we evaluate value from community outreach and fire prevention services?
- IT and technology in fire and safety. What systems and tools can be used to improve outcomes for the public, and our workers?
- Offering services to rural communities. How to best serve all citizens?

### 5.2 International expansion

While the financial benchmark serves as a baseline for the creation of an international Fire and Emergency benchmark, adding more comparable organisations should enrich its effectiveness. The nature of the framework means that services of any size can be compared to each other, due to the analysis being based on the breakdown of costs as a proportion of the total spend.

This can serve as an important baseline for international fire and emergency services to learn from each other and identify international best practice. Work is currently ongoing to create an overview of the benchmark created for FENZ and SFRS, with a view of encouraging other national fire and emergency services to join.

In the future, the framework has the capability to become an international standard for comparing fire and emergency services. As adoption increases, the utility of the framework as an international standard also increases. Fire and emergency services throughout the world that have access to the framework can use it as a tool to identify areas of improvement and increase operational efficiency.

## 5.3 Integrate operational data

This Final Report has focused on representing the findings from the four-tier financial benchmarking as a percentage of overall spend. This provides a consistent baseline for comparing spend across both organisations and helps to identify statistical outliers for future deep dives. Going forward, there is the option of combining the existing cross-organisational financial analysis with operational data to enable an operational and financial comparison across both organisations. The combination of financial and operational datapoints should help generate additional contextual assessments to better enable benchmarking of the baseline cost of providing fire and rescue capability and potentially to measure service efficiency. These measures should be increasingly valuable as more benchmark partners are added in the future.

We have prepared a list of additional data that could be used to enrich the quality of insights provided from the financial benchmarking exercise:

- 1) Population data
- 2) Personnel data
- 3) Station data
- 4) Incident Data

Note that this additional analysis is indicative in nature and would need further detail to be undertaken.

### Financial baseline

The Comparable Spend figure has been used as the financial baseline for this demonstrative analysis. The comparable spend is calculated as follows: Operating expenditure less unclassified and one-off project spend.

Area	FENZ spend FY23	SFRS spend FY23
Operating Expenditure	\$737.30 M NZD	£296.05 M GBP (\$617.41 M NZD)
Less unclassified spend <sup>16</sup>	\$109.11 M NZD	£11.15 M GBP (\$23.25 M NZD)
Less one-off projects <sup>17</sup>	\$30.84 M NZD	£2.44 M GBP (\$5.09 M NZD)
<b>Comparable spend</b>	<b>\$597.35 M</b>	<b>£282.46 M GBP</b> <b>(\$589.07 M NZD)</b>

#### 1) Population data

Population data can be used to calculate the cost of delivering specific services per person in the community. This analysis could be enhanced further by looking at areas such as resource efficiency across Urban, Suburban and Rural environments. Potential sources of data for this information include census data and geographic information systems (GIS).

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<sup>16</sup> [Defined in section 3.1] Areas of expenditure that are not consistent between organisations and have been excluded.

<sup>17</sup> [Defined in section 3.1] Projects that are non-repeatable and lie outside of normal projects (BAU) that the organisation would expect to undertake on an annual basis

The following indicative table has been built by dividing comparable spend per Level 1 category by population:

Comparable spend per capita	FENZ (NZ)	SFRS (SCT)
<b>Population<sup>18</sup></b>	5.161 million	5.436 million
Frontline	\$75 NZD per capita	\$76 NZD per capita
Frontline Enabler	\$28 NZD per capita	\$21 NZD per capita
Corporate Overhead	\$12 NZD per capita	\$11 NZD per capita
Total	\$116 NZD per capita	\$108 NZD per capita

## 2) Personnel data

Personnel data can be used to calculate the cost of delivering specific services per worker. This has the potential to offer insights into the advantages and disadvantages of different staffing models by reviewing the spending efficiency split amongst Career / Volunteer / Part-time firefighters and support staff. Potential sources of data for this information are payroll data, personnel databases.

The following indicative table has been built by dividing comparable spend per Level 1 category by number of employees (including part-time and volunteers):

Comparable spend per worker	FENZ (NZ)	SFRS (SCT)
<b>Personnel<sup>19</sup></b>	<b>14,777</b>	<b>7,619</b>
Frontline	\$26,127 NZD per personnel	\$54,504 NZD per personnel
Frontline Enabler	\$9,947 NZD per personnel	\$14,841 NZD per personnel
Corporate Overhead	\$4,350 NZD per personnel	\$7,971 NZD per personnel
Total	\$40,424 NZD per personnel	\$77,316 NZD per personnel
<b>Firefighters</b>	<b>10,354</b>	<b>5902</b>
Frontline	\$37,288 NZD per firefighter	\$70,360 NZD per firefighter
Frontline Enabler	\$14,196 NZD per firefighter	\$19,159 NZD per firefighter
Corporate Overhead	\$6,208 NZD per firefighter	\$10,290 NZD per firefighter
Total	\$57,693 NZD per firefighter	\$99,809 NZD per firefighter
<b>Other Personnel</b>	<b>4423</b>	<b>1717</b>
Frontline	\$87,289 NZD per other	\$241,855 NZD per other
Frontline Enabler	\$33,233 NZD per other	\$65,857 NZD per other
Corporate Overhead	\$14,533 NZD per other	\$35,370 NZD per other
Total	\$135,055 NZD per other	\$343,081 NZD per other

## 3) Station data

Station data can be used to calculate the cost of delivering specific services per station in the network. Further areas for investigation could include number of fire stations, facilities and equipment available at each station, coverage areas and population coverage (to ensure, for example, more urban areas with a higher cost base are correctly compared between FENZ / SFRS). Potential sources of data for this information are fire department facility records and GIS data.

<sup>18</sup> [stats.govt.nz/topics/population](https://stats.govt.nz/topics/population) | [scotlandscensus.gov.uk/2022-results/scotland-s-census-2022-rounded-population-estimates](https://scotlandscensus.gov.uk/2022-results/scotland-s-census-2022-rounded-population-estimates)

<sup>19</sup> FENZ Annual Report 2023, SFRS Annual Report 2023

The following indicative table has been built by dividing comparable spend per Level 1 category by number of stations:

Comparable spend per station	FENZ (NZ)	SFRS (SCT)
<b>Number of stations<sup>20</sup></b>	<b>641</b>	<b>357</b>
Frontline	\$602,309 NZD per station	\$1,163,207 NZD per station
Frontline Enabler	\$229,314 NZD per station	\$316,739 NZD per station
Corporate Overhead	\$100,281 NZD per station	\$170,111 NZD per station
Total	\$931,903 NZD per station	\$1,650,057 NZD per station

#### 4) Incident data

Incident data can be used to measure the efficiency of incident responses across various fire services. By undertaking operational deep dives into specific incident data such as structure fires, wildfires, medical emergencies, hazmat incidents and marine incidents, insights into the fiscal efficiency of varied incident responses can be generated. This data is available in the organisation's incident response records, in most cases.

The following indicative table has been built by dividing comparable spend per Level 1 category by number of incidents (including fires, non-fire incidents and false alarms):

Comparable spend per incident	FENZ (NZ)	SFRS (SCT)
<b>Number of incidents<sup>21</sup></b>	<b>85,425</b>	<b>95,709</b>
Frontline	\$4,520 NZD per incident	\$4,339 NZD per incident
Frontline Enabler	\$1,721 NZD per incident	\$1,181 NZD per incident
Corporate Overhead	\$752 NZD per incident	\$635 NZD per incident
Total	\$6,993 NZD per incident	\$6,155 NZD per incident

<sup>20</sup> 2022 FENZ Annual Report, 2022 SFRS Annual Report

<sup>21</sup> 2022 FENZ Annual Report, 2022 SFRS Annual Report

# Appendices



## 6 Assumptions and Limitations

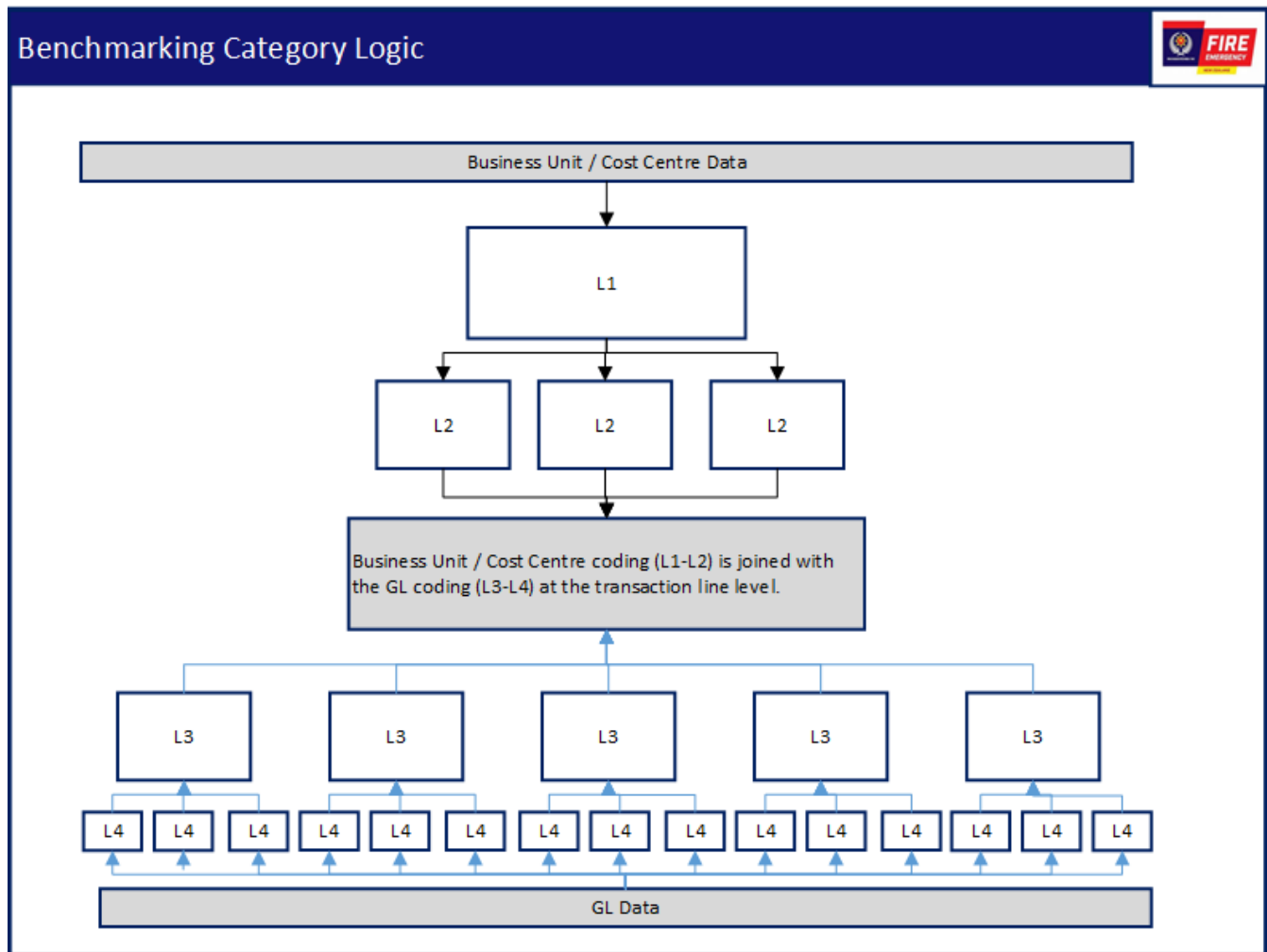
A list of assumptions and limitations associated with the creation of this Interim Report can be found below:

- The financial benchmark has been developed using exclusively financial data from SFRS and FENZ. Operational insights are included in the future phases of the project.
- The data provided has not been validated or assessed by Grant Thornton, and our review does not constitute an audit or assurance engagement and we have assumed all financial information provided is true and correct. The financial benchmark analyses expense data, marked as “Expense” type in the data provided by FENZ, and included in the “Gross Expenditure” column for the data provided by SFRS. The datasets align with what has been reported by each organisation in their annual accounts for the year ending 30 June 2023 (FENZ) and 31 March 2023 (SFRS).
- Both datasets consider expenditure as defined by the respective organisation. This benchmark assumes expenses are treated as operational expenditure and capital expenditure consistently between organisations.
- The analysis performed in this report compares percentage of spend within each category. This means the percentage differences do not show differences in percentage of organisational spend, but rather differences in spend within the selected category.
- The findings in this Final Report have been validated, on a granular basis, by subject matter experts from both FENZ and SFRS. An extensive consultation process was facilitated by GTNZ, ensuring that both organisations are comfortable with the figures presented.
- The large number of data (20,000+ lines per organisation) means it is unlikely that every line item has been correctly categorised but both FENZ and SFRS have reviewed and approved the methodology, approach, and data set coding (in full).
- FENZ and SFRS operate in different legislative and regulatory environments. In addition, we received input from SMEs to identify spend areas across the two organisations that are not compatible. Certain expense lines have been removed from our full analysis to increase comparability. Additionally, one-off project costs have been excluded for comparability. Exclusions include but are not limited to:
  - Finance costs (interest, FX, etc.)
  - Depreciation, amortisation, and gain/loss on disposal
  - Pension/superannuation costs
  - Bad debts and write offs.
- Certain expense lines may sit across multiple categories. In such cases, they were placed in the category assumed to be the most appropriate. As an example, the expense ‘Fire Station – Salaries’ may include both firefighters (Frontline) and station administration staff (Frontline Enabler). Most of the salaries in this case would be assumed to relate to firefighters, this line item would be categorised into the Frontline (L1) and People (L2) categories.
- Business unit, cost centre, general ledger, and other accounting names are assumed to entirely reflect the associated expenses and be accurately assigned expenses.
- FENZ has provided data whereby select individual line items can be split across categories. Equivalent lines in the SFRS data were split by the same proportions. The split proportions were simplified to three – 25/75, 50/50, 75/25 between frontline enabler / corporate overhead respectively, reflecting increasing proportions attributable to corporate overhead.

# 7 Data categorisation and matchings

## 7.1 Methodology overview

A four-level data hierarchy has been designed for the financial benchmarking process. The categorisation logic has been developed with the individualities of a fire and rescue service in mind. To create a reflective financial categorisation logic, transaction line data at both the business unit (BU) / cost centre (CC) level (for L1 and L2), as well as at general ledger (GL) level (for L3 and L4) was integrated and matched. An overview of the exact categories associated with this exercise, as well as their descriptions can be found in [Section 7.2](#).



## 7.2 Category definitions

### 7.2.1 L1 and L2 Categories (Business Unit / Cost Centre categories)

The below table outlines the three L1 categories used to categorise Business Units / Cost Centres:

L1 Category	Description - FENZ defined
<b>Frontline</b>	Those who directly deliver services to the public and industry
<b>Frontline Enabler</b>	Those who directly support our frontline functions
<b>Corporate Overhead</b>	Those who maintain business operations that allow the organisation to function in an efficient manner and prepare for the future.

The L1 categories were then further split into L2 sub-categories, as shown below:

L1 (Cost Centre Groupings)	L2 (Consolidated Business Unit Grouping with GL split where necessary)	Description
<b>Frontline</b>	<b>Dispatch and comms</b>	Dispatch and communication centre expenses.
	<b>Other frontline initiatives</b>	Business units / cost centres which directly deliver a service to the public other than firefighting. This is primarily community outreach and prevention activities, but also includes any non-firefighting activities that are part of each organisations legislative function.  Note: There may be an element of these expenses contained within the firefighting L2 category. This 'Other Frontline Initiatives' category exists for costs which are clearly identifiable as other frontline initiatives.
	<b>Firefighting</b>	Firefighter and station costs that can be directly attributed to frontline activities and cannot be classified as dispatch, comms, or other frontline initiatives.
<b>Frontline Enabler</b>	<b>Enabling Administration</b>	Administration necessary to enable frontline activities.
	<b>Enabling Equipment, Repairs, and Maintenance</b>	Equipment required to deliver frontline activities. Repairs and maintenance of frontline equipment and assets, or of equipment necessary to deliver frontline activities.
	<b>Enabling ICT</b>	ICT systems that directly support frontline activities, e.g. operational software, components of payroll for frontline staff, etc.
	<b>Operational planning</b>	Planning of frontline operations, including regional planning teams, branch management
	<b>People Support</b>	Enabling components of HR, health and safety programmes, costs other than equipment or training which support frontline staff.
	<b>Training</b>	All costs of frontline training, including building, equipment, trainers, and facilitators.
<b>Corporate Overhead</b>	<b>Corporate ICT</b>	ICT costs that do not directly enable frontline activities.
	<b>Financial management</b>	Accounting and audit costs. Also includes financial management costs (other than those with the L4 unclassified) definition, and strategic finance and corporate finance costs.

L1 (Cost Centre Groupings)	L2 (Consolidated Business Unit Grouping with GL split where necessary)	Description
	<b>General Admin and Management</b>	Senior leadership team, board, other administration and management functions.
	<b>HR</b>	Human resources costs.
	<b>Specialist Corporate Services</b>	Specialist back-office functions, e.g. risk, legal, internal audit, etc. Excludes accounting, finance, data, and other specialist services if they are contained elsewhere within corporate overhead.
	<b>Strategy and Analytics</b>	Strategy and analytics This category includes strategic initiatives for the organisation that do not directly support the frontline (as opposed to operational planning, which includes strategy initiatives that enable the frontline to be more efficient). This category also includes analytics functions that do not directly support the frontline.

### 7.2.2 L3 and L4 (GL categories)

The below table outlines the highest level of GL categories:

L3 Category	Description
<b>Personnel</b>	Any costs directly related with any personnel employed or volunteering within the organisation.
<b>Clothing, Operational Equipment &amp; Consumables</b>	Any costs associated with any clothing, or any equipment or consumable used whether frontline or backline.
<b>Occupancy</b>	Any costs associated with buildings, land, or premises owned or rented by the service.
<b>Fleet</b>	Any costs associated with vehicles used for the delivery of the frontline service.
<b>Computers &amp; Communications</b>	Any costs associated with any hardware, software, computer or communication or cellular device.
<b>Other Expenditure</b>	Any other expenditure by the service that doesn't fit into the prior categories.

The L3 categories in the above table were then further broken down into L4 categories, as shown below:

L3 (GL Groupings)	L4 (GL Groupings)	Description
<b>Personnel</b>	<b>Conferences</b>	Costs associated with holding or attending conferences.
	<b>Contract settlement</b>	Costs associated with settling contracts.
	<b>Food</b>	Food/catering for employees (non-training, non-conferences.)
	<b>Injury Benefits</b>	Any costs associated with compensating employees for their injuries (Payments made to employees out of action, ACC levies, etc.)
	<b>Medical</b>	Any costs associated with employee's medical bills. (Huge discrepancy between FENZ and SFRS.)
	<b>Other Costs – Personnel</b>	Other personnel costs not captured by any of the other categories.

	<b>Pay</b>	Any form of pay to employees, including volunteers, contractors, and allowances.
	<b>Personnel Insurance</b>	Insurance relating to personnel, e.g. life, income.
	<b>Pre-Employment Costs</b>	Costs associated with obtaining an employee prior to making a contract.
	<b>Training</b>	The personnel cost of training, excluding the building and equipment costs of training
	<b>Travel</b>	Any costs arising from travel
	<b>Volunteer</b>	Non-pay volunteer expenses
<b>Clothing, Operational Equipment &amp; Consumables</b>	<b>Clothing</b>	Clothing worn by staff.
	<b>Equipment</b>	Costs associated with any equipment used actually firefighting.
	<b>Office</b>	Office equipment and consumables
<b>Occupancy</b>	<b>Energy</b>	Energy costs of occupancy. (Electricity, gas, etc.)
	<b>Other Costs - Occupancy</b>	Other costs associated with keeping properties running.
	<b>Property Management Fees</b>	Fees paid to property managing bodies.
	<b>Property Repairs &amp; Maintenance, and Services</b>	Repairs & maintenances on property/buildings. Also includes necessary services to maintain occupancy, e.g. cleaning.
	<b>Rates</b>	Rates paid to councils.
	<b>Relocation Costs</b>	Cost of relocating property.
	<b>Rent</b>	Rent paid/income.
	<b>Water</b>	Water supply/water rates.
<b>Fleet</b>	<b>Fuel</b>	Fuel of vehicles (Also includes electricity for EVs.)
	<b>Leased Vehicles</b>	Costs for vehicles held under lease. Differ from hire cars by duration of contract.
	<b>Repairs &amp; Maintenance - Fleet</b>	Repairs and maintenance on the organisation's vehicles.
	<b>Running Costs - Fleet</b>	Running costs associated with keeping a fleet of vehicles (Not including fuel costs or repairs and maintenance)
<b>Computers &amp; Communications</b>	<b>Computers &amp; Communications</b>	Any computers, telecommunications, IT, software etc. Cannot be broken down further due to SFRS code 40026 - Comms & IT Non HQ Funded.
<b>Other Expenditure</b>	<b>Community Outreach</b>	Any costs associated with facilitating interaction with the general public.
	<b>External Research and Development</b>	Research and development provided by 3 <sup>rd</sup> parties and not included in professional fees
	<b>Grants</b>	Grants paid or received.
	<b>Non-Personnel Insurance</b>	Insurance for non-personnel related matters.
	<b>Other Costs – Non-Personnel</b>	Other expenditure that is not personnel related and does not fit into a different category.

	<b>Professional Fees</b>	Fees paid to external professional bodies.
	<b>Vegetation Firefighting Support</b>	Hire of external services used in vegetation firefighting
<b>Unclassified</b>	<b>Unclassified</b>	Areas of expenditure that are not consistent between organisations and have been excluded.

## 8 Largest L4 Differences

L4 categorisation is the most granular used in this benchmarking. Below is a list of the L4 categories with the greatest differences, filtered for non-personnel:

GL Category	% Non-personnel Spend (FENZ)	% Non-Personnel Spend (SFRS)	Difference, (%)
Rates	2.83%	14.48%	11.65%
Property Repairs, Maintenance, and Services	9.66%	21.10%	11.44%
Energy	2.63%	9.89%	7.26%
Equipment	13.09%	6.19%	6.90%
Repairs & Maintenance - Fleet	11.18%	4.46%	6.72%
Computers & Communications	21.23%	15.94%	5.29%
Professional Fees	8.36%	3.18%	5.18%
Rent	4.68%	0.54%	4.14%
Non-personnel Insurance	3.11%	6.66%	3.55%
Community Outreach	4.06%	0.56%	3.50%
Fuel	3.46%	6.43%	2.97%
Leased Vehicles	2.77%	0.07%	2.70%
Property Management Fees	0.04%	2.71%	2.67%
Vegetation Firefighting Support	2.51%	0.00%	2.51%
Grants	2.46%	0.00%	2.46%
Water	0.15%	1.60%	1.45%
External Research and Development	1.00%	0.00%	1.00%
Office	1.57%	0.63%	0.94%
Other Costs - Non-Personnel	0.40%	1.26%	0.86%
Clothing	3.04%	2.53%	0.51%
Other Costs - Occupancy	0.45%	0.90%	0.45%
Running Costs - Fleet	1.11%	0.84%	0.27%
Relocation Costs	0.18%	0.04%	0.14%

## 9 Exclusions

Different organisations (particularly organisations in different jurisdictions) have different accounting practices and taxonomy logic. To create a comparable financial benchmark between the two organisations, the inconsistencies are identified and excluded from direct comparisons. Current exclusions include:

1. Book entries related to assets. This benchmarking considers operational expenditure. SFRS does not consider this as part of operational expenditure, so this has been excluded from both organisation to allow comparisons. This includes:
  - a. Depreciation and amortisation
  - b. Gain or loss on disposal of asset.
2. Bad debt and write offs. This is an area largely outside of an organisation's control and does not reflect spending decisions so has been excluded.
3. Finance costs:
  - a. Interest paid and received.
  - b. Capital charges.
4. Hydrant maintenance (SFRS). Hydrant maintenance was classed as unclassified and excluded as it is a function that only SFRS provides.
5. Pensions. Pension costs have been excluded as SFRS does not pay firefighter pensions and only pays non-firefighter pension costs. On the other hand, FENZ pays superannuation for all employee types. The difference means these expenses have been excluded from comparison.

Additionally, organisations from time to time undertake one-off projects that are not representative of their normal operational expenditure.

### 9.1 One-off projects

The following tables outline the on-off projects that have been excluded. For FENZ, the Business Units excluded were:

Business Unit	Business Unit Description
5120	Strategic Initiatives
6905	ICT Project Opex

For SFRS, the following cost centres and sub accounts were excluded:

Cost Centre	Cost centre Description
1484	New Mobilising System Project
1900	PTFAS
1795	ESMCP (Emergency Service Mobile Communication Programme)

Account Sub-group	Account sub-group description
40254	ESMCP (Emergency Service Mobile Communication Programme)

In addition to the above sub-account, there were some individual line items classed as one-off projects. These were:

Cost Centre	Cost Centre Description	Account Sub-group	Account sub-group description
1467	Legal Services	10164	Basic Pay Aptc
1910	Fatal Accident Inquiry	10164	Basic Pay Aptc
1472	Prevention & Protection	10001	Basic Pay WTF



Cost Centre	Cost Centre Description	Account Sub-group	Account sub-group description
1467	Legal Services	30030	Car Mileage
1472	Prevention & Protection	10027	Flexi Duty WTF
1472	Prevention & Protection	10518	MTFA - WFFF
1467	Legal Services	10206	NI Aptc
1910	Fatal Accident Inquiry	10206	NI Aptc
1472	Prevention & Protection	10043	NI WTF
1473	Enforcement	10043	NI WTF
1467	Legal Services	10211	Pension Aptc
1910	Fatal Accident Inquiry	10211	Pension Aptc
1467	Legal Services	10393	Subsist Claims
1467	Legal Services	10456	Support OT Holi
1554	Finance & Procurement	60011	Trade Union
1467	Legal Services	30060	Travel claims
1472	Prevention & Protection	10452	WTF OT Holiday

## 9.2 Unclassified Spend

The FENZ GL codes categorised as unclassified were:

GL Code	Description
2205	Superannuation Firefighters
2215	NZFS Super Scheme Top Up
4805	Bad Debts
4807	Bad Debts Written Off
4808	Debt Collection Costs
4809	Bad Debts Recovered
4810	Change in Provn for Dbt Debts
4895	Small Balance Write Offs
5100	Bank Fees
5105	Purchase Card - Fees & Charges
5110	Capital Charge
5120	Debt Facility Costs
5130	Interest Paid - Finance Lease
5160	Interest Paid - Other
5165	Interest Borrowings
5170	Interest Overdraft
5175	Interest Other
5180	Capitalised Borrowing Costs

GL Code	Description
5190	Unrealised FX Losses
5192	Realised FX Losses
5605	Sponsorship
5610	Incident Recoveries
6132	Depn - Buildings
6137	Depn - Leasehold Improvements
6142	Depn - Fire Appliances
6147	Depn - Motor Vehicles
6152	Depn - Communications Equip
6157	Amort - SITE
6158	Amort - S'ware Purchased
6159	Amort - S'ware Internal
6162	Depn - Computer Equipment
6164	Amort – Rural Leases
6172	Depn - Furniture & Fittings
6182	Depn - Operational Equipment
6205	Proceeds from Sales
6210	Loss on Sale/Disposal of Asset
6225	Amortisation Sale/Leaseback
6230	Quake Asset Demolition Cost
6300	CHANGE IN MAKE GOOD PROVISION
2205a	Superannuation Non Firefighter

The SFRS account sub-groups categorised as unclassified were:

Account Sub-group	Description
10045	Firefighters Pension Scheme WTF
10047	New Firefighters Pension Scheme WTF
10048	Firefighters Pension Scheme 2015
10051	Pension Lump Sum
10055	Wtff Lgps
10126	Local Govt Pension Scheme CONTROL
10210	Local Govt Pension Scheme SUPPORT
10236	Ill Health Commutation - Corp Fin
10244	Pension Scheme Sanction Charge
10277	IAS19 Pension Costs
10306	FF Pensions Paid
10317	LGPS Unfunded

Account Sub-group	Description
10343	Fire Pensions RDS Modified Pension Scheme
10394	LGPS Deficit Top Up Payment
10417	Hydrant Maintenance RFF
40002	Hydrant Maintenance
40096	Bad Debt
40099	Write Offs
50034	Loan Fund Interest
50038	Loan Fund Expenses
50042	Depreciation
50046	Capital Financing other
50077	IAS19 – Net Interest Cost
50078	Corporation Tax
50085	IAS19 – Contributions to Reserve
50091	(Gain)/Loss On Disposal Of Fa
60021	Interest
60036	Pension Transfer Value In
60038	ill Health Retiral Income
60046	Government Pension Grants
60047	E'ee Pension Contbns
60048	E'er Pension Contbns
70120	Long Term Debtors
80020	Short Term Borrowing
80070	Short Term Creditors - Payroll
80090	Short Term Creditors - Right of Use Assets
85040	Pensions Liabilities
85070	Other Retirement Benefits
85090	Deferred Income – Long Term
90040	Pensions Reserve
90080	Revaluation Reserve
CAP	Capital





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