

New Zealand Fire
Service
Commission
Statement of
Intent
2009/2012

Our Vision

Working with communities to protect what they value

Our Mission

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

Our Values

*Service
Integrity
Adaptability
Skill
Comradeship*

Table of contents

<i>Introduction</i>	<i>4</i>
<i>Statutory framework</i>	<i>6</i>
<i>Fire Service people and their communities</i>	<i>6</i>
<i>The Commission's outcome framework</i>	<i>7</i>
<i>The outcomes the Commission seeks</i>	<i>9</i>
<i>The Commission's outputs and their expected impacts</i>	<i>12</i>
<i>The Commission's strategic objectives</i>	<i>20</i>
<i>The Commission's performance story to date</i>	<i>21</i>
<i>The operating environment</i>	<i>25</i>
<i>Value for money</i>	<i>29</i>
<i>Organisational capability</i>	<i>32</i>
<i>Consultation and Reporting to the Minister of Internal Affairs</i>	<i>37</i>
<i>Processes in relation to acquisitions</i>	<i>37</i>
<i>Other matters</i>	<i>37</i>
<i>Statement of responsibility</i>	<i>38</i>
<i>Prospective financial statements and assumptions</i>	<i>39</i>
<i>Statement of forecast service performance for 2009/2010</i>	<i>57</i>

Introduction

Dear Minister, Members of Parliament, staff and volunteers of New Zealand's fire services and stakeholders.

We present the New Zealand Fire Service Commission's Statement of Intent for the period 2009 to 2012.

This statement describes the overall outcomes the New Zealand Fire Service Commission (the Commission) seeks to achieve in terms of protecting people, their property, the communities of New Zealand and the environment from the hazards and consequences of unwanted fires. It sets out the mix of proactive risk reduction, fire prevention and public education programmes along with the range of reactive emergency response services the Commission intends to deliver. It explains the rationale behind the work programmes selected and their intended effect or impact on the current situation.

Importantly, the Statement of Intent establishes the basis on which the Commission will account to Government and the public of New Zealand for its performance over the period. The standards against which we will measure the volume, quality, timeliness, value, efficiency and effectiveness of both our proactive and reactive services are set out in detail. We also discuss how we will gauge the actual observed effects of our work against our expectations and how we will assess the extent to which the observed effects and impacts achieve or contribute to the outcomes the Commission seeks.

To assist readers understand the scope of the Commission's intentions and their context the statement includes short narrative sections on:

- the statutory framework within which the Commission operates
- the urban and rural fire operating environments
- how the NZ Fire Service and National Rural Fire Authority are organised and managed
- the human, physical and capital resources the Commission has at its disposal
- the Commission's approach to organisational health, diversity and sustainability
- how New Zealand's fire services rate against comparable services in overseas jurisdictions
- recent trends in fire fatalities, injuries, property loss and hectares burnt in wild fires.

We draw to readers' attention a significant departure from previous practice in this Statement of Intent. For the first time the Commission describes the New Zealand Fire Service interventions in many classes of non-fire emergency and the contribution these interventions make to social outcomes. The Commission does not have the statutory responsibility for reducing the incidence of these non-fire emergencies. Central government and local communities, nevertheless, look to the New Zealand Fire Service as the agency best equipped and trained to intervene in emergencies as diverse as motor vehicle extrications, floods, storms, collapsed trench rescues and irrespirable atmosphere rescues. We trust that the "non-fire" information contained in this statement will assist readers to gauge the wider contribution the Fire Service

New Zealand Fire Service Commission Statement of Intent 2009/2012

makes to community outcomes and to appreciate the added value element of this aspect of the Commission's outputs.

The Crown Entities Act 2004 requires Crown entity boards to operate as a going concern on a sustainable basis. The Commission is funded nearly 100 percent from a levy on contracts of fire insurance. In recent years the Fire Service levy has provided a stable and growing income base. Given the current external economic environment and the outlook the Commission is conscious of the potential for shocks to its income stream. Accordingly, it has closely interrogated its proposed operating and capital expenditure programmes to ensure every dollar spent represents value to the public and that some financial headroom is available in the event of a dramatic downturn in levy income.

We commend the New Zealand Fire Service Commission's Statement of Intent for the period 2009 to 2012 to readers' careful scrutiny.

Signed on behalf of the New Zealand Fire Service Commission.

Dame Margaret Bazley, DNZM, Hon DLit
Chairperson
27 May 2009

Angela Foulkes, ONZM
Member
27 May 2009

Statutory framework

Two separate statutes, the Fire Service Act 1975 and the Forest and Rural Fires Act 1977, establish the governance, management, and operational arrangements for protecting life and property from fire in New Zealand. The arrangements include a national urban fire service governed by an independent board operating in 345 urban fire districts, a national rural fire authority and 86 separate rural fire authorities each with its own fire district. Importantly, both Acts together place a heavy emphasis on public education, risk reduction and preparedness in addition to the provision of emergency response services.

Inside urban fire districts responsibility for the prevention, suppression and extinction of all classes of fires rests with the national commander of the Fire Service and the chief fire officer of the fire district. Chief fire officers have discretionary authority to respond their brigades to non-fire emergencies and fires outside fire districts where they consider they could render effective protection to life and property. Outside fire districts responsibility for managing all types of fire rests with the relevant fire authority. Fire authorities include territorial authorities, the Department of Conservation, the New Zealand Defence Forces and special purpose collectives of the aforementioned entities together with plantation forest companies.

Sections of both Acts provide that the statutory jurisdiction and responsibility for a geographic area may be varied by agreement between fire authorities or between a fire authority and the Fire Service. There are many such agreements in place and more are under negotiation. In this SOI we describe an initiative to encourage fire authorities to merge into larger groupings to provide more effective risk management and better use of limited operational resources.

The board of the Commission serves as the link between the urban and rural fire regimes. It is responsible for the good governance of the Fire Service and is the National Rural Fire Authority for the purposes of the Forest and Rural Fires Act 1977. The Commission is a Crown agent under the Crown Entities Act 2004 and is subject to the accountability framework prescribed for Crown agents under that statute.

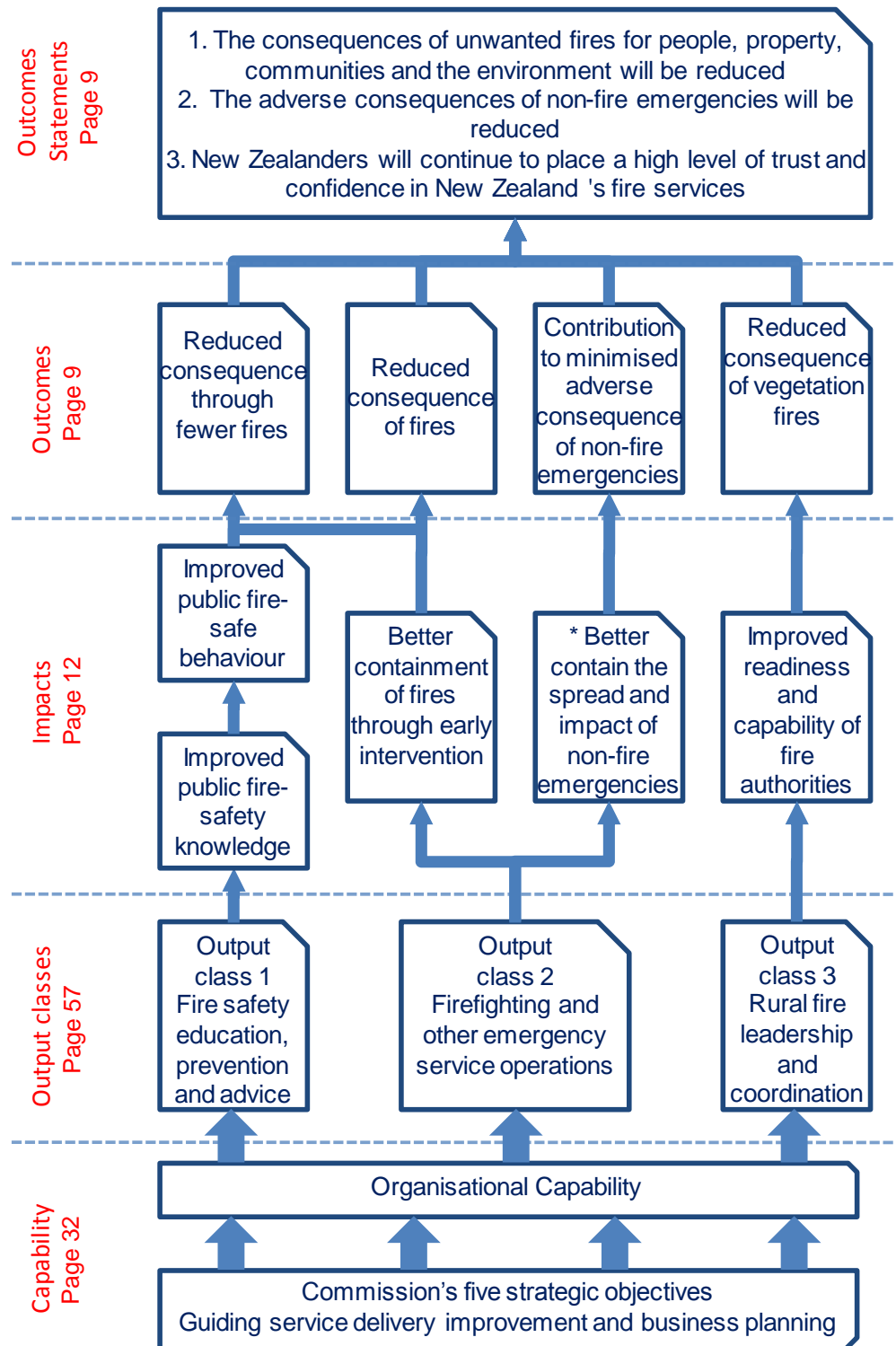
Fire Service people and their communities

The Fire Service operates from 436 fire stations across New Zealand. These stations are staffed by 1700 career firefighters and 8,000 volunteers drawn from the communities they serve. Similarly, rural fire authorities provide an initial response service through some 200 registered voluntary rural fire forces. These forces are staffed by approximately 3,500 volunteer rural firefighters drawn from the rural areas they protect.

Sustaining and fostering the relationship between fire services' people and their communities is a key focus of the Commission. The actions the Commission will undertake to ensure communities continue to enjoy comprehensive fire and rescue services staffed by well trained, enthusiastic, and committed local people are set out in the section dealing with organisational capability.

The Commission's outcome framework

The diagram below presents the Commission's outcomes framework including the services (outputs) the Commission provides, the impacts those services have and the outcomes they seek to improve. The specific connections between each of the layers in the outcomes framework are discussed in more detail in the following sections of this SOI.



* Note: See page 16 for more detail on non-fire emergency services and their impacts.

National Goals

The Commission has established a set of national goals to drive service delivery performance and establish a basis for measuring the difference fire service interventions make to the outcomes. The national goals include a deliberate stretch element and are not just performance levels achieved over the last few years projected forward. The national goals have been aligned with the outcomes framework and are described in more detail in this SOI.

The Commission monitors progress against the national goals through monthly management reports. Formal quarterly reports are provided to the Minister of Internal Affairs to advise him on progress against the national goals. The reporting timeframe for these quarterly reports are detailed on page 37.

The table below lists the national goals.

National Goal	Alignment
1.1 Achieve and maintain an avoidable residential structure fire fatality rate of less than 0.5 per 100,000 population	Outcome 1
1.2 Achieve and maintain the number of life threatening and moderate injuries to the public from fire incidents to less than 4.5 per 100,000 population	Outcome 1
1.3 Maintain the estimated dollar value of damage from fires in residential structures below \$54m per annum.	Outcome 1
1.4 Maintain the estimated dollar value of damage from fires in non-residential structures below \$50m per annum.	Outcome 1
1.5 Achieve and maintain the number of fires in structures to less than 130 per 100,000 population.	Outcome 1
1.6 Ensure annual area burnt by wildfires is 5% less than the previous 10-year average 75 th percentile.	Outcome 1
1.7 Achieve and maintain the number of vegetation fires to less than 120 per 100,000 population.	Outcome 1
3.1 95% of New Zealanders have full trust and confidence in New Zealand's fire services.	Outcome 3
4.1 Improve the fire safety knowledge and behaviour of the public: projections developed for 2011: <ul style="list-style-type: none"> 98% of people will believe a fire can become unsurvivable in five minutes or less 85% of people will recall a fire safety message 96% of homes will have at least one smoke alarm installed 	Impact of Output Class 1
4.2 Achieve and maintain the estimated total number of fires in New Zealand to less than 2,300 per 100,000 population.	Impact of Output Class 1
4.3 Response times for structure fire incidents inside fire districts will be monitored for performance against the national service delivery guidelines of: <ul style="list-style-type: none"> 8 minutes 90% of the time for career stations 11 minutes 90% of the time for volunteer stations. 	Impact of Output Class 2
4.4 Meet or exceed national service delivery guidelines for non-fire emergencies: <ul style="list-style-type: none"> 30 minutes for motor vehicle accidents 90% of the time. 20 minutes for incidents requiring the specialist Hazmat unit 90% of the time within large urban areas and major transportation hubs. 60 minutes for incidents requiring the specialist Hazmat unit 90% of the time for the rest of New Zealand. 	Impact of Output Class 2
4.5 All New Zealand Fire Service fire stations meet the agreed national standard for resilience.	Impact of Output Class 2
4.6 Reduce the number of fire authorities to 60 by 2013.	Impact of Output Class 3
4.7 100% of fire authorities will meet their legal obligations for adopting and reviewing their fire plans. The readiness and response parts of the fire plan will be reviewed every two years and the risk reduction and recovery parts of the fire plan every five years.	Impact of Output Class 3
4.8 Contain ninety-five percent of all wildfires within two hours of being reported.	Impact of Output Class 3

The outcomes the Commission seeks

Outcome statements

Through fire safety public education programmes, emergency response and rural fire co-ordination the Commission seeks to achieve the following outcomes:

1. The consequences of unwanted fires for people, property, communities and the environment will be reduced.
2. The adverse consequences of non-fire emergencies for people, property, communities and the environment will be reduced.
3. New Zealanders will continue to place a high level of trust and confidence in New Zealand's fire services.

How we will assess progress towards these outcomes

The Commission's long time series of fire related data enables it to assess progress against the first outcome statement. Data for measuring outcome two is not readily available. The Commission will develop new national goals during 2009/2010 to fill the measurement gaps it has identified. Assessment of progress towards achievement of outcome statement 3 will be by way of third party independent survey.

Outcome 1: The consequences of unwanted fires for people, property, communities and the environment will be reduced

People: Avoidable residential fire fatalities and injuries from fire

A key subset of the Commission's outcome statement is reducing avoidable residential fire fatalities. In 1996/97 New Zealand experienced an avoidable residential fire fatality rate of 0.97 fire fatalities per 100,000 population. In recent years the best performance has been just 0.36 fatalities per 100,000 population - a world class performance of which the Commission was particularly proud. The Commission has developed the following national goals to monitor outcome performance for people:

National Goals

-
- 1.1 Achieve and maintain an avoidable residential structure fire fatality rate of less than 0.5 per 100,000 population.
 - 1.2 Achieve and maintain the number of life threatening and moderate injuries to the public from fire incidents to less than 4.5 per 100,000 population.
-

Property: Estimated value of fire loss

The Commission established new measures in 2007/2008 covering the estimated dollar value of damage from fires to structures. National goals were also established in the same year and are used to monitor damage to residential and non-residential properties. In addition, the Commission continues to monitor the number of fires in structures per 100,000 population to assess the overall size of the fire problem in structures. This information provides a picture on the size of the structure fire problem and consequences of those fires.

The following are the national goals for the consequences of fire to property:

National goals

1.3 Maintain the estimated dollar value of damage from fires in residential structures below \$54m per annum.¹

1.4 Maintain the estimated dollar value of damage from fires in non-residential structures below \$50m per annum.¹

1.5 Achieve and maintain the number of fires in structures to less than 130 per 100,000 population.

Communities

The term communities has two distinct meanings for the Commission:

- a group of people in a geographic area (for example a town)
- groups of people or businesses with a common interest (for example Federated Farmers or the forestry industry).

The direct fire related outcomes affecting these groups are already measured through national goals covering people and property. However, the Commission is considering developing measures covering some of the indirect costs associated with fire loss such as job losses following major industrial fires for example. Measures covering this area will be investigated and considered for adoption in 2009/2010.

Environment: Area lost to vegetation fires

The Commission assesses the overall impact of its leadership and coordination of the rural fire industry through monitoring the area lost to wildfires. It also assesses the overall scale of the vegetation fire threat by monitoring the number of vegetation fires per 100,000 population. Together these measures provide the Commission with an overview of the difference fire services are making to the impact vegetation fires have on the environment.

National goals

1.6 Ensure annual area burnt by wildfires is 5% less than the previous 10-year average 75th percentile.

1.7 Achieve and maintain the number of vegetation fires to less than 120 per 100,000 population.

¹ The Fire Service estimates dollar value lost by using its own estimate of area damaged and the standard industry quantity survey tables for construction cost by building type.

Outcome 2: The adverse consequences of non-fire emergencies for people, property, communities and the environment will be reduced.

The Commission contributes to improved outcomes across a wide range of non fire emergencies. About one third of the Fire Service's emergency responses involve non-fire emergencies covering such things as motor vehicle accidents, hazardous substance spills, rescues, civil defence emergencies and medical emergencies. Other agencies have the statutory mandate to address many of these non fire emergencies. The Commission will work with these agencies over the next few years to develop a suite of measures that reflects its contribution to the outcomes of non-fire emergencies.

Outcome 3: New Zealanders will continue to place a high level of trust and confidence in New Zealand 's fire services

It is important that New Zealanders have confidence in their fire services and trust that they will be able to assist them in their hour of need. Many of the Commission's key fire safety prevention, risk reduction and response strategies rely on this trust and confidence to ensure that the public absorb and act on the information and advice provided by the Commission. It is critical therefore that New Zealanders perceive their fire services as being a source of authoritative and well researched advice that can be trusted. The Commission measures the level of trust and confidence in New Zealand's fire services through an independent third party survey.

National Goals

3.1 95% of New Zealanders have full trust and confidence in New Zealand's fire services.

The Commission's outputs and their expected impacts

The Commission delivers a comprehensive range of risk reduction, fire safety public education, emergency response and fire authority co-ordination services to protect New Zealand's 4.2 million residents and visitors, \$240 billion stock of buildings and 27 million hectares of forest, tussock and grasslands from fire. For the purposes of considering the range of intervention strategies the Commission has deployed to achieve its stated outcomes the Commission's outputs have been classified as follows:

- Output Class 1: Fire safety education, prevention and advice
- Output Class 2: Firefighting and other emergency service operations
- Output Class 3: Rural fire leadership and co-ordination

The outcomes framework on page 7 shows how these outputs contribute to the Commission's overall outcomes.

Output class 1: Fire safety public education, prevention and advice

Public education

The Commission delivers fire safety education under the umbrella of the National Fire Safety Promotion Plan using a well defined social marketing model. The model adopted by the Commission incorporates a series of steps required to achieve sustained change in social behaviour. The steps are:

- raising awareness
- changing people's views
- changing people's behaviour
- maintaining behaviour change.

Over the last ten years the Commission has invested heavily in raising the public's awareness of the risk of fire with particular emphasis on home fire safety. Some of the key improvements in people's awareness of fire safety and their knowledge and behaviours are shown in the following table.

Fire Safety Knowledge	2008	1999
People who believe a fire can become unsurvivable in five minutes or less	91%	70%
Percentage of people who perceive each of the following to be a fire risk:		
Using candles in the bedroom unattended	89%	80%
Leaving cooking unattended	85%	70%
Using multiple plugs in the same power socket	73%	63%

Research carried out in 2006 suggested that although the Commission had made progress in raising awareness, a large percentage of the population wanted to take fire safety action but did not know what to do. The Commission's current focus, therefore, is to achieve behavioural change through "call to action" campaigns designed to encourage people to take their first simple precautionary fire safety actions.

The Commission has analysed its incident statistics and identified the key groups most at-risk from fire and uses this information to target its national fire safety promotions. In addition, the Commission uses independent research to support and guide the development and delivery of its programmes to these at-risk groups. Much of this research relates to understanding human behaviour and how best to reach the at-risk groups. Two key ways of reaching these groups are through home visits and through delivering fire safety messages to children. Accordingly the Commission will continue with its programme of visiting at-risk groups in their homes to deliver fire safety education. An example of this is the Te Kotahitanga project, which involves training long-term unemployed people to deliver fire safety education and to install smoke alarms in remote at-risk areas of Northland and Eastern Bay of Plenty. Children will be reached through delivering fire safety education in schools using the FireWise programme and by using the Fire Awareness Intervention programme (FAIP). The Commission will also promote the installation of effective smoke alarms, particularly hard-wired alarms in residential housing, and sprinkler systems.

Engaging communities and multi-agency collaboration

The Commission understands that it can achieve better results if local communities are engaged in helping manage the fire problem. Where possible the Commission will use a joint approach with local community groups and other government agencies to deliver its fire safety messages. During 2009/2010 the Commission will continue with its development of a multi-agency approach to deliberately lit and unlawful fires.

Technical fire safety advice

The Commission will deliver professional and technical advice to people in the building industry. The advice covers the setting of building standards, design, development and construction, ownership and occupation. The purpose of this advice is to:

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

Evacuation schemes

Fire safety law relating to evacuation schemes is designed to make sure the public knows 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 required to process evacuation schemes within 20 working days of them being submitted.

Building consents

Section 46 of the Building Act 2004 requires building consent authorities to send to the Fire Service copies of consent applications for certain classes of buildings. Under section 47 of the Act, the Commission may provide the building consent authority with a memorandum setting out advice on the building consent application relating to:

- provisions for means of escape from fire
- the needs of persons authorised by law to enter the building to undertake fire fighting.

Output class 2: Readiness and emergency response

The Commission's research into the speed of fire has shown that in many cases time is a critical element that affects the consequences of fire incidents. The Commission intends to provide a timely and effective response to fires so that it can minimise the consequence of those fires. The Commission will continue to work in partnership with Police providing world class communication centres to receive and process emergency calls in a timely way, and dispatch operational resources to fire incidents. Operational firefighting resources are strategically placed within urban areas to provide a timely response to fires 24 hours every day. The Commission will ensure its staff are highly trained and able to deal effectively with a range of fire incidents. The combination of efficient call processing, strategically placed resources and trained firefighters will ensure that the consequences of unwanted fires are minimised.

Readiness for response to fires

The majority of the annual cost of operating the New Zealand Fire Service lies in maintaining the capability to respond to emergencies. Operational readiness is achieved by:

- ensuring firefighters are available and adequately trained for their role
- conducting a range of pre-incident planning activities to inform decision making on the incident ground
- ensuring stations are resilient and able to function in times of emergencies
- strategically locating resources to meet service delivery demands.

During 2009/2010 the Commission will implement a new more comprehensive audit process to provide assurance that the Fire Service is operationally ready.

Training Career and volunteer firefighters will train under the Training and Progression System (TAPS) umbrella. TAPS is a unit-standard-based programme that provides a well-defined career path in terms of knowledge and experience requirements. It enables firefighters to do much of their learning at their own pace, outside the work environment.

Pre incident tactical planning Pre-planning will ensure the Fire Service takes the most appropriate actions in the event of an emergency incident. Tactical plans provide information used for managing tactics and resources at incidents involving a significant specific risk (typically large industrial complexes or hospitals). Risk plans provide detailed fire risk information about individual properties to ensure the Fire Service is familiar with a property's layout and facilities. Following the Tamahere fire in 2008, the Fire Service initiated a project to update its risk planning process, including the assessment of buildings outside gazetted fire districts. The revised risk assessment process will be implemented in 2009/2010. The Fire Service will continue to review and update these tactical and risk plans to make sure information remains current with particular emphasis on high risk buildings outside fire districts.

Resilience: Large scale civil defence emergencies resulting from storm damage, earthquakes, flooding, extreme snow events, tsunami, or other events, have the potential to disrupt communities for days and potentially weeks after the event. Communities look to their local fire station and its resources initially as a place of refuge and later as a secure base from which the normal functions of the community

can be progressively restored. In response to growing community expectations the Fire Service is progressively increasing the resilience standards for its fire stations within the context of the existing civil defence and emergency management framework.

Resource allocation: The Commission currently makes sure that fire stations are optimally located through the application of a location-based mapping programme. The allocation of fire fighting resources will be enhanced by the development of a new national resource allocation model (NRAM) to replace the current system. The NRAM will provide a sound basis for resource decisions. The model will cover strategies for:

- allocating fire fighting resources
- allocating resources for non-fire emergencies, including a range of civil emergencies
- setting the appropriate resource levels for fire safety education.

Response and recovery

The Fire Service will provide timely and tactically appropriate operational responses to fires and other emergencies. These responses will include:

- suppressing and extinguishing fires to ensure the safety of people endangered by fire and minimise the amount of property damaged 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, for 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 at a range of other emergency incidents.

Service delivery guidelines have been set out in this SOI. For responses to fires in gazetted fire districts guidelines (measured from first receipt of the call at the Communication Centre to arrival of the first appliance at the incident) are set at eight minutes for career crews and 11 minutes for volunteer crews at the 90th percentile. Further, for the purposes of internal performance management, guidelines are in place for the separately identifiable elements within response times: call processing, brigade alerting and travel time.

The Commission's approach to national service delivery guidelines is cautious. The rationale for minimising attendance times is clear: the rate of fire growth in structures is rapid and unless fires are suppressed early, conventional suppression strategies will have little effect on the outcome once a fire is large. Nevertheless, a narrow focus on response times risks underweighting other strategies likely to have a greater impact on community fire outcomes.

In addition to fire fighting, the Commission works in partnership with a range of government agencies to contribute to non-fire emergency outcomes through the provision of operational response services. The Commission will continue to work closely with these agencies to ensure New Zealanders receive the emergency service they expect. The following table sets out the services provided by the Commission and the impact those services have on non-fire outcomes. Also included in the table are

New Zealand Fire Service Commission Statement of Intent 2009/2012

the other government agencies who either have jurisdiction for or contribute to non-fire emergency outcomes.

Non-fire emergency	Services provided by the Fire Service	Impact of non-fire emergency services	Other agencies involved
Motor vehicle accidents	<ul style="list-style-type: none"> • Timely extrication of entrapped or injured crash victims • Medical emergency assistance • Scene management • Traffic direction • Scene cleanup • Prevention of fire ignition at the accident site 	<ul style="list-style-type: none"> • Earlier admission to hospital - better clinical outcomes • Reduced impact of injuries - earlier recovery • Prevention of further accidents and injury • Improved recovery of forensic data - better prosecution and traffic safety learnings • Provide physical resources to improve emergency response 	<ul style="list-style-type: none"> • The New Zealand Transport Agency • New Zealand Police • Ambulance providers • Health providers • ACC
Hazardous substance emergencies	<ul style="list-style-type: none"> • Incident management until arrival of the lead agency • Evacuation and rescue • Containment of the spread of hazardous substances • Cleanup • Decontamination 	<ul style="list-style-type: none"> • Environmental damage minimised • Harm and injury to people minimised • Damage to property minimised • Release of contaminants into environment minimised 	<ul style="list-style-type: none"> • Territorial authorities • Environmental Risk Management Agency • Department of Labour • New Zealand Police
Medical emergencies	<ul style="list-style-type: none"> • Basic medical services at emergencies • First response in some areas that have distant ambulance cover 	<ul style="list-style-type: none"> • Early medical intervention - reduced injury or illness • Improved clinical outcomes for patients 	<ul style="list-style-type: none"> • Ambulance providers • Health providers • ACC
Civil defence emergencies	<ul style="list-style-type: none"> • Pre-planning within EMGs • Urban search and rescue planning and response • Responses to a range of civil defence emergencies 	<ul style="list-style-type: none"> • Reduce the impact of large emergencies • Earlier return to every day patterns of social and community life 	<ul style="list-style-type: none"> • Territorial authorities • Emergency management groups (EMGs) • Ministry of Civil Defence

Output class 3: Rural fire leadership and coordination

The purpose of the Commission's leadership and coordination of fire authorities is to improve their operational readiness and make sure that sound, researched approaches to rural fire management are being applied within the industry. Improved operational readiness will ensure fire authorities respond appropriately and minimise the consequences rural fires. It is important to note that, in rural fire management, extinguishing a fire may not always be the best approach. The approach will depend on the circumstances involved.

As the National Rural Fire Authority (NRFA) the Commission determines rural fire policy at the national level. This includes establishing and maintaining a schedule of rural fire standards, auditing fire authorities against those standards, assessing fire authority performance against the Forest and Rural Fires Act 1977 and coordinating fire authorities nationally. During 2009/2010 the NRFA will develop the remaining two rural fire standards: *Timely response to fires* and *Assessing wildfire threat*. A revised process for assessing the performance of fire authorities will also be trialed in 2009/2010. The process is intended to ensure all fire authorities are assessed within a reasonable time period based on risk and will involve reporting annually against a small suite of performance indicators to enable authorities to be prioritised for performance assessment audits.

The responsibility for delivering rural fire prevention and suppression services rests with fire authorities. These are mostly territorial authorities but include the Department of Conservation, the New Zealand Defence Force and other special-purpose entities. The NRFA separately reimburses costs incurred by fire authorities in fighting rural fires.

The NRFA will continue to promote the amalgamation of rural fire districts to provide for more consistent, professional rural fire management. Between 1995 and 2008 the number of rural fire districts reduced from 148 to 86. The NRFA will introduce a new administrative grant to enlarged rural fire authorities, subject to them meeting certain criteria including the employment of a full time Principal Rural Fire Officer and committing to a range of national fire outcomes in the authorities' business plans. It is expected that the availability of this grant will encourage smaller authorities to merge into larger, fewer and better resourced authorities.

The NRFA will co-ordinate national promotions during the fire season by organising and promoting advertisements for national television, radio and print media. The NRFA will also provide leadership and guidance to: improve processes for fire weather prediction by fire authorities, use fire as a land management tool and maintain skilled National Incident Management Teams for better responses to large-scale wildfires.

How we assess the impact of the Commission's outputs

Fire safety public education, prevention and advice

The following national goals establish targets for the impact fire safety programmes have on changing the level of fire safety knowledge and behaviour of the public.

National goals

4.1 Improve the fire safety knowledge and behaviour of the public: projections developed for 2011:

- 98% of people will believe a fire can become unsurvivable in five minutes or less
 - 85% of people will recall a fire safety message
 - 96% of homes will have at least one smoke alarm installed
-

4.2 Achieve and maintain the estimated total number of fires in New Zealand to less than 2,300 per 100,000 population².

Readiness and emergency response

The following national goals set out the national service delivery guidelines for responses to fire and non-fire emergencies. These goals have been established to provide a balance between resource availability and early intervention to help reduce or minimise the consequence of emergency incidents.

National goals (fire related)

4.3 Response times for structure fire incidents inside fire districts will be monitored for performance against the national service delivery guidelines of:

- 8 minutes 90% of the time for career stations
 - 11 minutes 90% of the time for volunteer stations.
-

National goals (non-fire related)

4.4 Meet or exceed national service delivery guidelines for non-fire emergencies:

- 30 minutes for motor vehicle accidents 90% of the time.
 - 20 minutes for incidents requiring the specialist Hazmat unit 90% of the time within large urban areas and major transportation hubs.*
 - 60 minutes for incidents requiring the specialist Hazmat unit 90% of the time for the rest of New Zealand.
-

4.5 All New Zealand Fire Service fire stations meet the agreed national standard for resilience.

* major urban areas are where the population exceeds 50,000 and major transportation hubs are large ports and airports for example.

² The Fire Service has incident data on the number of fires it attends, but independent surveys show this number is between 9% and 25% of all unwanted fires people have in houses and between 19% and 44% of outside fires. The Commission estimates the total number of all fires in New Zealand each year by taking the annual number of fires attended by the Fire Service and dividing it by the by 5-year average percentage attended by the Fire Service. The effect of this calculation is to up-rate the Fire Service incident data as if it attended 100% of all fires.

Rural fire leadership and coordination

The National Rural Fire Authority is expected to achieve the following national goals in terms of establishing enlarged rural fire districts, improving fire authority preparedness and timely response to vegetation fires.

National goals

4.6 Reduce the number of fire authorities to 60 by 2013*.

4.7 100% of fire authorities will meet their legal obligations for adopting and reviewing their fire plans. The readiness and response parts of the fire plan will be reviewed every two years and the risk reduction and recovery parts of the fire plan every five years.

4.8 Contain ninety-five percent of all wildfires within two hours of being reported.

* The achievement of this national goal will only be achieved in consultation with fire authorities and with the agreement of fire authorities.

The Commission's strategic objectives

The Commission has developed five strategic objectives to guide service delivery improvements and inform detailed business planning processes within the organisation. The five objectives are listed below together with the key themes the Commission has identified within each:

Strategic objective one: Improve community fire outcomes

- Deliver enhanced fire safety public education and fire prevention.
- Apply resources to prevention, preparedness and response according to the revised NRAM.

Strategic objective two: Increase integration of urban and rural service delivery

- Improve equity of urban and rural services within existing legislative framework.
- Make available Fire Service infrastructure and support services to fire authorities.

Strategic objective three: Contribute to enhanced community security

- Enhance the resilience of fire stations as a base from which communities can recover following civil defence disasters.
- Work closely with other emergency management agencies to deliver a comprehensive non-fire emergency service.

Strategic objective four: Improve service performance accountability, and resource management

- Ensure all new and existing expenditure initiatives are subject to rigorous value for money examination.
- Improve levy compliance through proactive education and levy audits.
- Seek legislative amendments to close Fire Service levy loopholes.

Strategic objective five: Develop and protect our people and promote internal stakeholder partnerships

- Encourage stressed communities to put forward volunteers to sustain local fire services.
- Ensure all operational staff are engaged in the new Training and Progression System (TAPS).

The Commission's performance story to date

Overall incident trends

The Fire Service responded to 74,057 emergency incidents during 2007/2008. The main categories were:

Fires	25,008
False alarms	27,272
Non fire emergencies	21,777

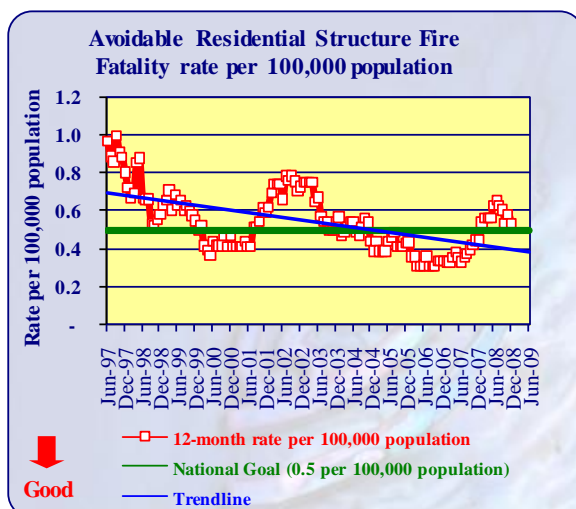
Non-fire emergencies were made up of:

Hazardous emergencies	3,730
Medical emergencies	4,314
Motor vehicle incidents (excluding fires)	5,662
Other emergencies	8,071

Trends for outcome 1: The consequences of unwanted fires for people, property, communities and the environment will be reduced

The Commission, over the last ten years, has placed an increased focus on fire safety education as a key way of reducing the consequence of fire. In addition, the Commission has worked to improve its operational response. This approach has been successful, with most of the Commission's national goals showing improving trends over the longer-term.

The consequence of fire to people

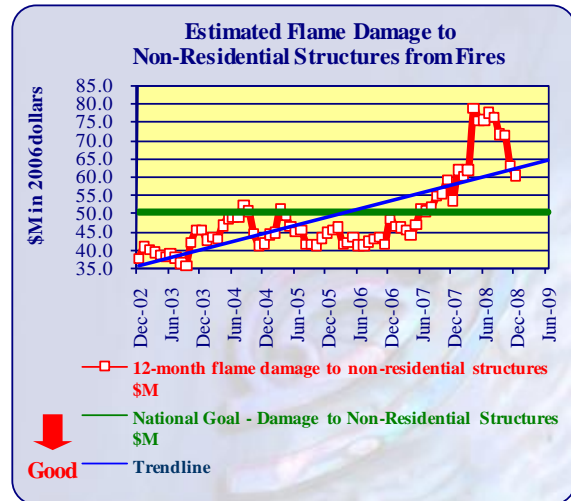
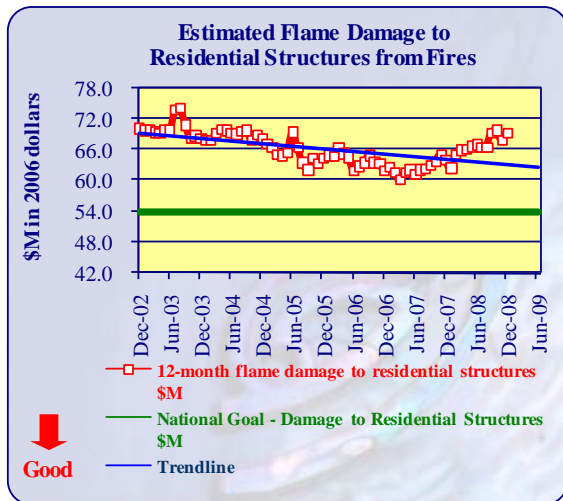


The Commission monitors avoidable residential fire fatalities and injuries to the public from fire against national goals to assess progress towards reducing the consequence of fire to people. Both categories have shown significant reductions over the last five to ten years. Based on research and data analysis the Commission believes the main reason for these reductions is improved fire safety education programmes. The graph above shows the results and long-term trends for avoidable residential fire fatalities.

Avoidable residential fire fatalities per 100,000 population have reduced by over 35% since 1997 and injuries to the public per 100,000 population have reduced 27% since 1998.

The consequence of fire to property

In 2007/2008 the Commission introduced new national goals for property damage to monitor progress against its statutory mandate to protect property. The graph below left shows the damage to residential structures from fire and the graph below right shows the damage to non-residential structures from fires.



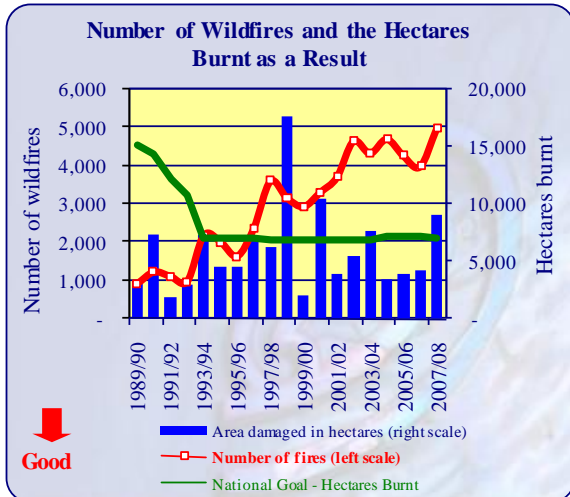
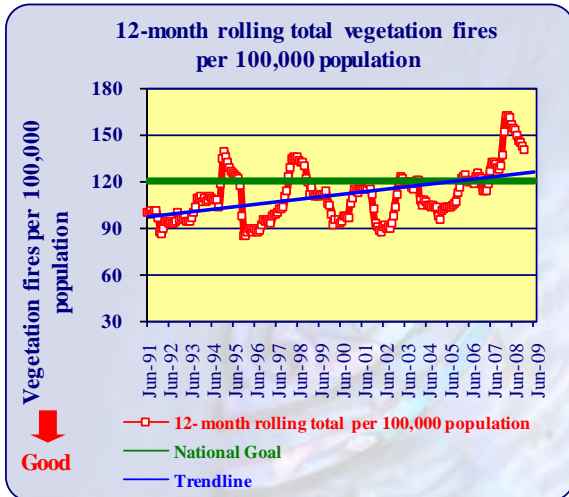
Performance against these national goals is established by estimating the dollar value of loss from fires in residential and non-residential structures. At present this reflects just the loss to the structure itself and does not include contents or any downstream economic or social losses. Since 2002 property damage to residential structures has trended down.

The dollar value of non-residential property damage has trended up since 2002 and is significantly influenced by a relatively small number of incidents that resulted in high-value losses. Over the long term the Commission intends to extend its measures of damage to better reflect the full cost of fires.

The consequence of fire to the environment

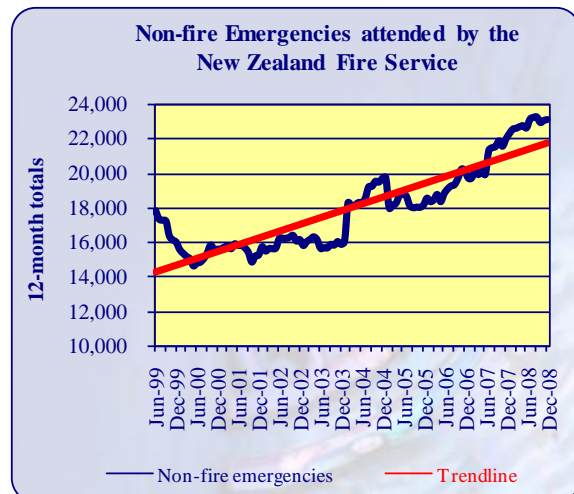
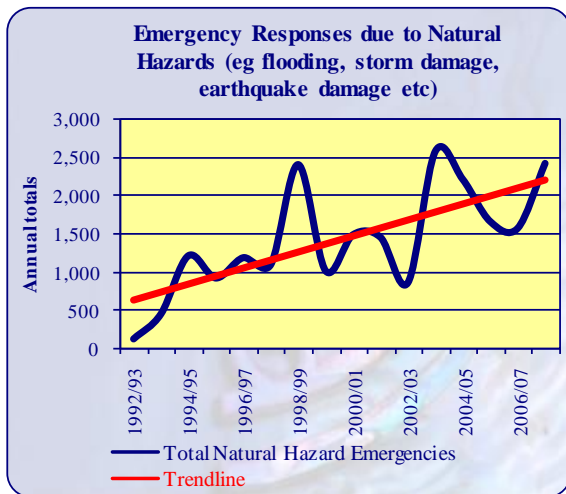
The number and rate of vegetation fires per 100,000 population has increased over the last 15 years. Some of this increase is due to improved reporting of fires by members of the public and fire authorities. In addition, macro-climatic trends have affected the number and severity of vegetation fires.

The graph below right depicts results from annual fire authority returns and shows a steep increase in fire incidents reported. The graph below left shows the increasing number of responses to vegetation fires by the Fire Service. Despite these apparent increases, the average number of hectares lost to wildfire annually has remained relatively static. The Commission considers that improved Fire Authority preparedness and earlier intervention through integration with Fire Service communication centres has contributed to containing the consequences of fires to the environment.



Trends for outcome 2: The adverse consequences of non-fire emergencies will be reduced.

In 2007/2008 29% of all incidents the Fire Service was called to were non-fire related compared to 24% in 2000/2001. This reflects increasing community expectations that the Fire Service will respond to a much wider range of emergency incidents than just fires.



The graph above right shows the rolling 12-month trend for responses to non-fire emergencies. In the 12 months ended December 2008 the Fire Service responded to over 23,000 non-fire emergencies. One of the most significant trends within non-fire emergencies was the sharp increase in the number of responses to emergencies resulting from natural hazards (particularly weather related). The Fire Service plays a pivotal role in the initial response to emergencies but in recent years has also been called on to play a role in community recovery extending over days and weeks. Significant flood events in Northland, Bay of Plenty, Rangitikei/Manawatu and the Kapiti Coast since 2004 are cases in point. The graph above left shows the increasing number of responses by the Fire Service to natural hazard emergencies.

Trends for outcome 3: New Zealanders will continue to place a high level of trust and confidence in New Zealand's fire services

The Fire Service has enjoyed increased levels of public trust and confidence in recent years. The chart below compares the percentage of the public that have full trust and confidence in a broad range of public sector organisations. The chart shows that the Fire Service enjoys the full trust and confidence of over 98% of the public. In addition, close to 90% of respondents reported having a reasonable level of knowledge of the work of the Fire Service. These results are significant because they indicate a receptive and willing audience for the Commission's fire safety public education, community and at-risk group programmes.

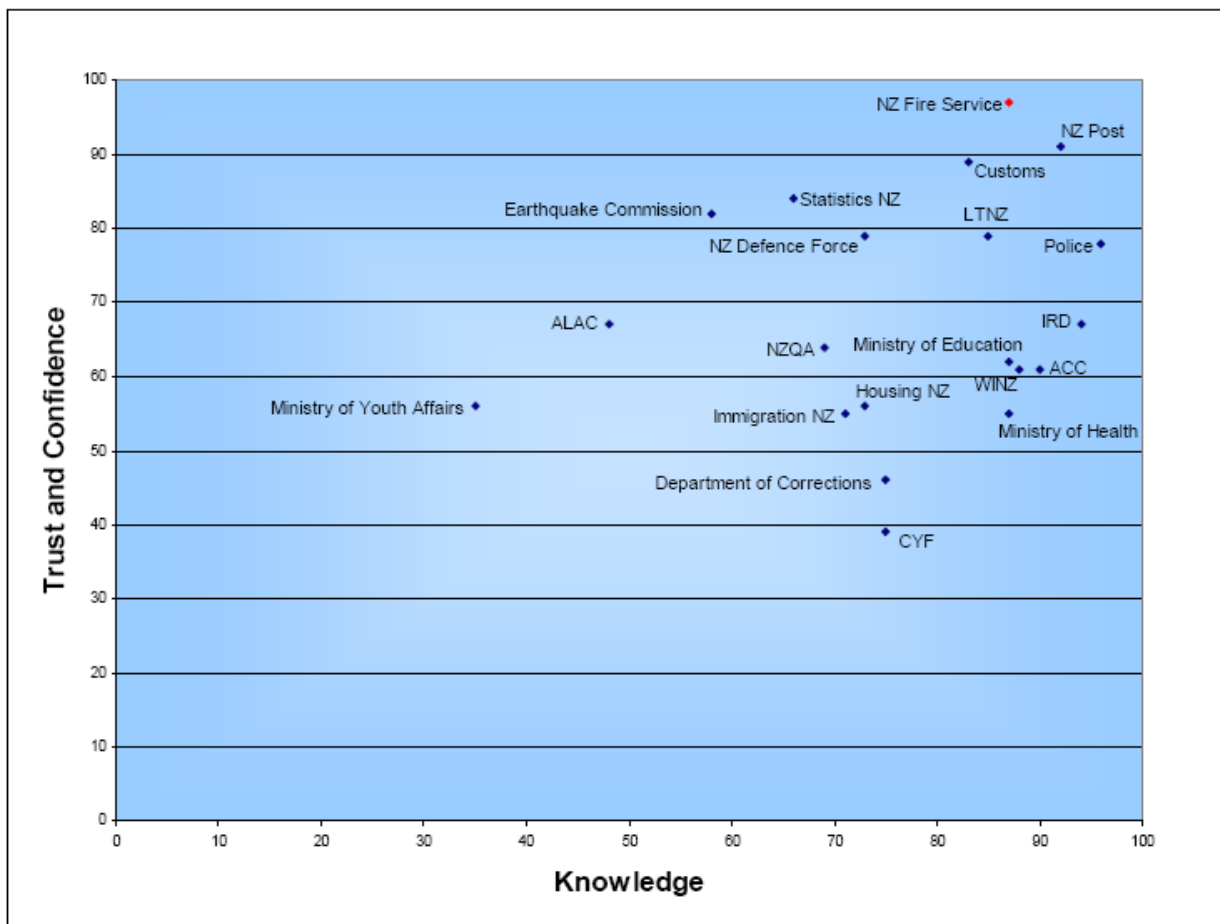


Figure 1: Knowledge of, and trust and confidence in, various public sector organisations (annualised results)

Source: Research New Zealand Public Sector Trust & Confidence Poll.

The operating environment

This section is intended to provide the reader with an overview of the context in which the Fire Service and the National Rural Authority operate. It includes information on:

- how the Fire Service and National Rural Fire Authority are organised and managed
- the human, physical and capital resources the Commission has at its disposal

Quantifying New Zealand's exposure to fire

The Commission's charge covers the 4.2 million citizens and visitors at risk from fire in New Zealand every day. The total value of building stock at risk from fire is estimated at \$238.2 billion³ of which \$161 billion is attributable to residential dwellings, \$18.9 billion to industrial buildings, \$35.5 billion to commercial buildings and \$22.8 billion to other building types. Land use also presents a major fire risk in the New Zealand environment, with 6.4 million hectares in natural forest, 1.8 million hectares in plantation forests, 13.8 million hectares in pasture and arable use and 5.2 million hectares in other non-forested lands. Estimating the value of these land uses is problematic but the value of the plantation forest asset alone exceeds \$35 billion.

The urban and rural fire environments

The fire environment in New Zealand may be considered in two distinct categories; the built environment (dominated by industrial, commercial and residential structures, community infrastructure and social amenities) and the land environment (dominated by large areas of cultivated crops, plantation forestry, forest, land reserved for conservation values but also covering isolated dwellings and rural amenities). The table below compares and contrasts the characteristics of the Commission's risk management approach to the two distinct fire environments.

Built Environment – urban	Land Environment – rural
A single national agency (the Fire Service) responsible for emergency response across almost all urban areas	Eighty six fire authorities responsible for response to vegetation wildfires in association with the Fire Service
Fire safety education delivered to tightly defined at-risk groups in the general public through national media, schools, marae etc	Campaigns on the safe use of fire in the rural environment targeted at land managers, rural landowners and contractors
The Building Code specifies the performance standards buildings must achieve for fire safety purposes	The annual Fire Plan prepared by fire authorities prescribes the fire control measures that apply in the fire district
Approved evacuation schemes prescribe the measures to be adopted in public buildings to ensure the occupants can safely exit the building in the event of fire.	A national fire weather monitoring system alerts fire authorities to periods of elevated fire danger so restrictions on lighting fires in the open may be imposed

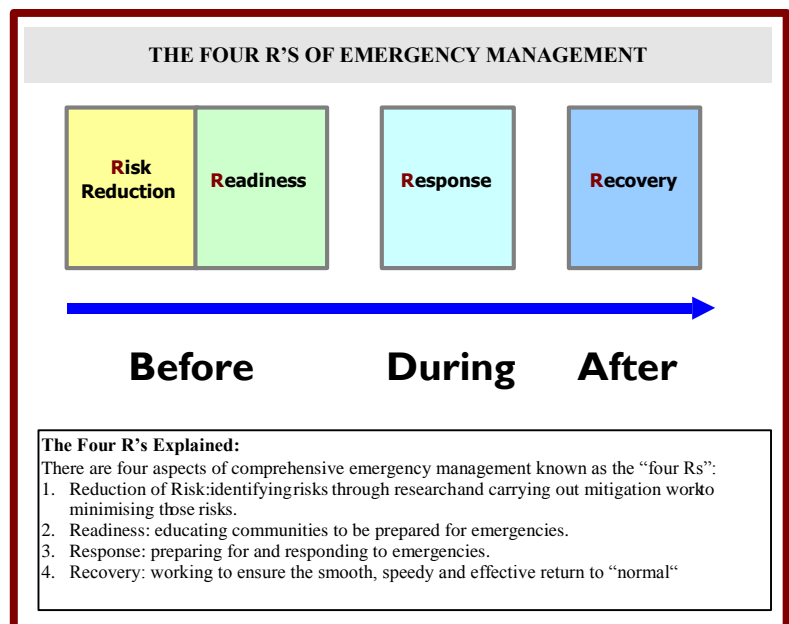
³ Business and Economic Research Ltd (BERL) *Cost and managing the risk of fire in New Zealand*, March 2005.

Built Environment – urban	Land Environment – rural
Fires predominantly extinguished with water drawn from reticulated water supplies or tankers in special cases	Fires extinguished or contained with a mix of wet and dry fire fighting techniques or left to burn according to the risk
Specialist appliances required for particular urban fire risks (multi-storey buildings, tank farms, ports, etc)	Light 4 x 4 vehicles, off-road tankers and backpackable plant required for use in remote and rugged territory
Reliance on permanent staff and volunteers able to respond at a few minutes notice	Significant reliance on contractors able to respond at a few hours notice
All fire fighting plant owned or permanently controlled by Fire Service to ensure instant availability	Contractual arrangements in place to ensure contingent capability (helicopters, bulldozers etc) available at short notice
All costs associated with fire suppression carried by the Fire Service	Costs associated with fire suppression can be recovered from liable parties
Services funded by a levy on contracts of fire insurance.	Services funded through territorial authority rates, liable party payments, parliamentary appropriation and levy

Commission’s fire risk management framework

The Commission uses the Comprehensive Emergency Management model for managing the fire risk in New Zealand. The model shows the three phases of emergency management and the key interventions at each stage.

This framework is widely used internationally and in New Zealand for structuring emergency management activities.



Why response alone is not an effective life risk management strategy

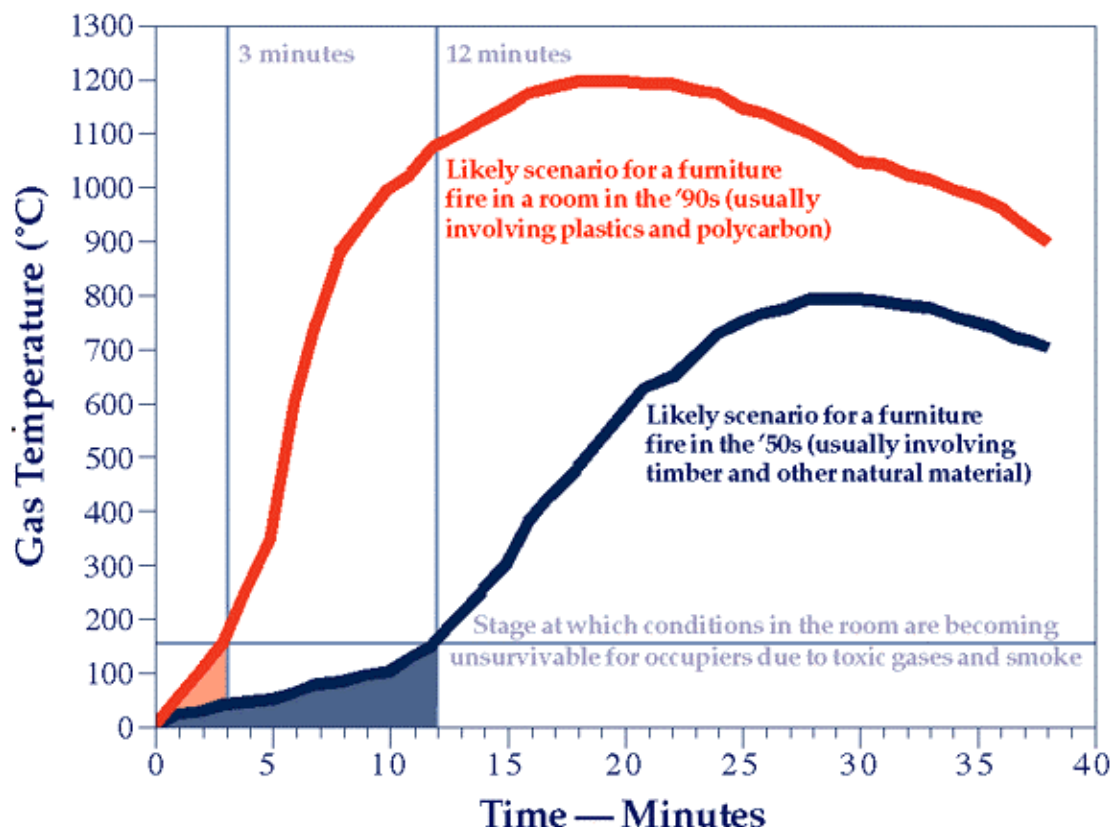
In considering strategies to reduce the consequences of fires for people it is important to understand the nature of fire and how it has changed over time. Since the 1950's there has been a significant change in the nature of urban fires:

- Flashover occurs sooner:
 - mid-1950s 12-15 minutes
 - mid-1990s 3-7 minutes.
- Temperatures recorded at the ceiling level have increased:
 - mid-1950s 750°C
 - mid-1990s up to 1100°C.

These key changes are attributable to:

- Increased fire loading through the use of plastics and other polycarbonate materials in furniture and fittings. These materials also produce higher volumes of toxic gases like hydrogen cyanide, hydrogen chloride and carbon monoxide.
- Increased insulation. This has the effect of keeping the heat in, similar to an oven.

Time-temperature curve for a room fire



The time from when a fire starts to when it becomes unsurvivable has reduced, in some cases, to less than five minutes. Accordingly response is no longer as effective in reducing the consequences of fire for people and to a lesser extent property. The change in the speed of fire growth highlights the need for an increasing focus on fire safety education. This is a key driver for the services provided to New Zealand communities.

An equally critical determinant of community fire outcomes is the point in the fire growth curve when fire services are first notified of a fire. Every year, structures located relatively close to fire stations are lost because the service was notified late in the fire growth curve.

Resources

The Commission is able to call on the following resources to deliver its fire safety public education, risk reduction programmes, emergency response services and rural fire co-ordination.

New Zealand Fire Service

- 345 gazetted urban fire districts, each with a statutory officer authorised to exercise prescribed powers within the fire district.
- 436 fire stations and their associated plant and equipment.
- 1,700 career firefighters, 8,000 volunteer firefighters, 85 specialist fire safety officers and 10 professional fire engineers.
- 800 fire appliances and operational response equipment for dealing with fires and other emergencies.
- Three communication centres and 75 staff that receive emergency calls from the '111' and private fire monitoring systems and dispatch resources from local fire stations to emergencies.
- Eight regional offices and 25 areas located around the country to provide leadership and support services and to fire stations.
- A national headquarters located in Wellington
- 360 management and support staff.

National Rural Fire Authority

- The national rural fire officer and five regional rural fire managers.
- National fire weather monitoring system.
- National alerting capability through the three communication centres.
- Three national incident management teams.
- Funding for grants to fire authorities for equipment and appliances.

Value for money

Any analysis of the value fire services deliver for the money they spend requires an understanding of the cost structure of an emergency response service. The majority of the costs incurred in operating any emergency response service lies in being ready to respond. It makes little difference to the overall costs of the Fire Service whether it responds to 10,000 incidents per year or 70,000 incidents per year. The marginal financial cost to the Fire Service of responding to another incident is very low relative to the cost already incurred in standing ready to respond.

While most of the costs of maintaining emergency capability are fixed, the Commission actively seeks to ensure its standing cost base is as efficient as possible. For example a wide range of goods and services including electricity, diesel, travel and protective clothing are purchased under national procurement arrangements that regularly test the market for best value. Significant capital items such as fire appliances, pumps, communications and IT equipment are all procured through competitive tender exercises and where appropriate whole-of-life costs are carefully factored into the tender evaluation process.

Although careful control of the cost base is important, the analysis above suggests that rather than focusing simply on reduced cost, the best opportunities to improve value for money lie in strategies designed to add value. Examples of this approach include:

Agreements with rural fire authorities to provide an immediate response to alarms to vegetation and structure fires in rural area and to provide the first hour of attendance free. This approach enables rural fire authorities to avoid the cost of establishing an immediate response capability to the benefit of their ratepayers

Agreements with ambulance service providers to automatically respond fire services to certain classes of incident where the ambulance arrival may be delayed or where the earlier arrival of a fire appliance with limited medical capability would still make a significant difference to the clinical outcome

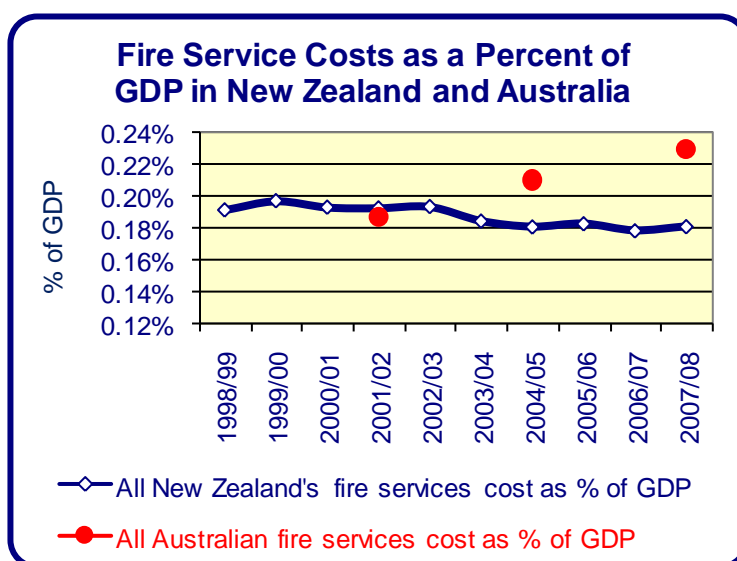
Provision of a wide range of intervention services for emergencies as diverse as gas leaks, high angle rescues, motor vehicle extrications. Such added value services are estimated to save the agencies with statutory jurisdiction for the outcomes many millions of dollars. Work underway this financial year will enable the value of these services to be reliably assessed.

This approach has its limitations as the marginal cost to a volunteer (or an employer of a volunteer) of responding to another incident may be significant in terms of loss of family/leisure time (or productivity).

Comparisons with overseas fire services

The cost of providing fire services in New Zealand compares favourably to providing similar services in Australia. The comparisons shown in the graph below are illustrative and no attempt has been made to adjust for any purchasing power differences between Australia and New Zealand with costs shown for the Australian fire services in Australian dollars and the costs for the New Zealand Fire Service in New Zealand dollars.

The cost of the New Zealand Fire Service as a percentage of GDP has reduced from 0.191% of GDP in 2001/2002 to 0.181% of GDP in 2007/2008. This compares to 0.188% and 0.229% of GDP in Australia for the same periods.



Supporting the favourable GDP comparison with Australia is the cost per capita comparison of fire services. From 2001/02 to 2004/05 the cost per capita of New Zealand's fire services increased 8% to an estimated NZ\$66.50. Over the same period the cost per capita of Australia's fire services increased 19% to Aus\$87.00.

Programme evaluations

The Commission is committed to ensuring all the services it delivers represent value for money. To underpin this commitment it regularly lets research contracts to independent organisations to evaluate the effectiveness and efficiency of key programmes. Recent examples include:

Promotions and research for Maori

In an effort to address fire-related injury and death disparities amongst Māori, the New Zealand Fire Service runs a number of fire safety education programmes aimed at promoting awareness and knowledge around fire safety in Māori communities. The programmes assessed were Te Kotahitanga, a community based fire safety project aimed at educating 'at risk' households to be 'fire safe', Protecting marae from fire: Ngā whakatūpato ahi mō te marae, a marae fire safety project; and Māui Tinei Ahi, a school project for Kōhanga Reo and Kura Kaupapa Māori.

All implemented programmes were found to be adequately resourced, were achieving good community penetration in targeted areas and had achieved good community awareness of relevant messages. In addition, research in areas of relevance to Maori was assessed and found to be useful but somewhat dated. Recommendations were made as to how each programme could be improved or extended. These recommendations will be prioritised and implemented over the coming year.

FireWise schools programme

Firewise (Years one and two) is a school based fire safety education programme. The primary purpose of this evaluation was to help the Commission understand:

- how it may increase uptake of FireWise by schools not currently participating
- how FireWise is implemented and thereby identify what improvements can be made to programme delivery
- the extent to which FireWise contributes to children's awareness of fire safety.

This evaluation found that the FireWise programme enjoys a high level of support and results in demonstrable benefits. Opportunities for improving uptake and delivery were identified and are being worked through and implemented.

Fire Awareness Intervention Programme

The Fire Awareness Intervention Programme (FAIP) aims to address the behavioural problems of juvenile fire lighters. The FAIP evaluation included two stages. The first stage assessed the programme quality and the processes to deliver the programme. The results of this stage are summarised below. Stage two involved assessing the recidivism rate of people participating in FAIP.

Summary of Stage 1: Overall, adolescents and their families reported positive experiences of the services provided by the programme. The results and recommendations arising from the evaluation include: (a) the need for a flexible approach to intervention which allows for the practitioner to respond to the unique needs of the child/adolescent and their families, (b) resources need to be updated and used flexibly to respond appropriately to the age and developmental level of the adolescent, (c) inter-agency and intra-agency relationships need to be developed and maintained with formal arrangements for reciprocal referral systems developed.

The Commission is awaiting the results of stage 2 (due in 2009/2010) before acting on the recommendations of stage 1.

Organisational capability

This section describes the way the Commission will address its organisational health and capability requirements over the next three years.

People and partnerships

The Commission's staff and volunteers are central to the achievement of its mission and vision. Accordingly, the Commission employs an extensive range of programmes to ensure organisational capability is maintained (and increased in line with community demands) and that employees and volunteers alike are offered challenging and satisfying work experiences. The Commission's people and partnership programmes over the next three-years include:

Training

- A comprehensive suite of training programmes to support staff throughout their careers. Training begins with recruits courses and progresses through a structured in-service training and progression system (TAPS) where the highest level of achievement is a diploma in frontline management.
- Review and update of the structure and content of TAPs courses following the completion of each training course.
- Extension of the existing national training facility at Rotorua to offer more realistic settings and scenarios in which to practice firefighting and other rescue skills.

Leaders

- Executive development programmes at the Australian Institute of Police for existing and future career and volunteer leaders.
- Ten places annually on an accelerated development programme for high and potential future leaders.
- Induction programmes for new leaders.
- Four-day executive officer development courses for volunteer officers.
- Twenty tertiary study grants annually.

Volunteers

- A comprehensive firefighter service recognition programme run in conjunction with the United Fire Brigades' Association (UFBA).
- Recruitment resources for volunteer chief fire officers to assist in attracting and selecting new brigade members.
- Foundation and membership grants to all registered volunteer fire brigades.
- Financial support to the UFBA against an approved business plan.
- Financial support for volunteers to attend the annual UFBA conference.
- Induction programmes for new volunteer chief fire officers.
- Employer recognition programmes that enable brigades to show their appreciation to employers of volunteers.

Health and well-being

- Flexible work arrangements where appropriate.
- A framework that supports staff to return to work from injury or illness in a timely manner.
- A comprehensive injury prevention and claims service to manage firefighter injuries.
- A code of standards aligned to the State Services Commission Standards of Integrity that promotes appropriate behaviour and ethical conduct.

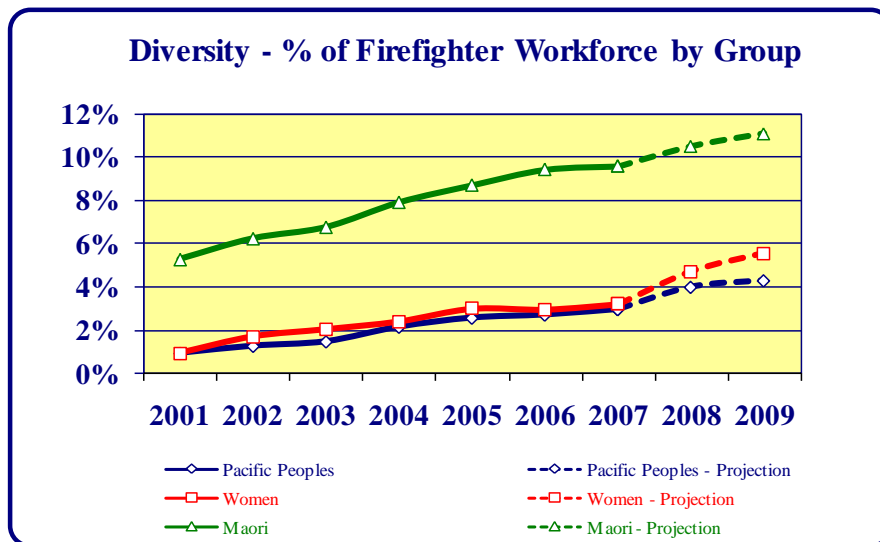
Employee and volunteer engagement

- Implementation of improvements identified from the 2008 employee and volunteer attitude survey.
- "Three sixty degree" feedback survey for managers.
- Exit interviews for all staff and volunteers to help develop business improvement initiatives.

Reflecting community composition

- Review and update of the five-year Diversity and Fairness plan.
- Ten language scholarships to develop skills in Maori and Pacific languages.
- Career days and other support for minority groups considering fire fighting as a career.

This graph shows the current and projected diversity of career firefighters. Projections are based on the current staff turnover rates and the estimated recruitment pattern for the next three years.



Good employer

The initiatives outlined under the "people and partnerships" section above reflect the seven elements of "The Good Employer" set out in section 118 of the Crown Entities Act 2004.

1. Leadership, accountability and culture
2. Recruitment / selection and induction
3. Employee development, promotion and exit
4. Flexibility and work design
5. Remuneration, recognition and conditions
6. Harassment and bullying prevention
7. A safe and healthy workforce

Through these initiatives the Commission aims to attract and retain volunteers and career staff and build a motivated, competent and skilled workforce reflective of and responsive to the community.

Stakeholder consultation

The Commission is committed to consultation and open dialogue with a wide range of stakeholders. These include the UFBA (representing the volunteer fire brigade sector), the New Zealand Professional Firefighters Union, The Executive Officers Society, Local Government New Zealand, the Department of Building and Housing and representatives from the forest and insurance industries.

In 2009/2010, the Commission will continue its long-standing programme of stakeholder visits with a series of functions in metropolitan and regional centres. These functions provide an opportunity for the board to meet a broad range of stakeholders and partners in fire safety including local government and community representatives, the private fire protection industry, public agencies and voluntary groups.

Asset management

The Fire Service is a capital intensive business. The 2007/08 Annual Report disclosed that the Commission held more than \$490 million in property, plant and equipment. Ensuring these capital assets are properly maintained, updated and renewed is a critical issue for the Commission.

Fire Appliances. The entire "red" fleet of 800 plus appliances is on a whole of life maintenance and replacement cycle. Each class of appliance has a target useful life based on anticipated work load, parts availability and obsolescence. Under the terms of major procurement contracts with two New Zealand-based assemblers the Commission expects to take delivery of 70 new appliances in 2009/2010, 60 in 2010/2011 and 45 in 2011/2012. Large and more complex aerial appliances will be imported fully built up from overseas manufacturers.

Fire Stations. The Fire Service operates from some 436 fire stations valued at \$360 million at 30 June 2008. All fire stations are on a long term maintenance and replacement schedule. In 2009/2010 the Commission will expend over \$18 million on its property portfolio. This work includes new construction or major refurbishment of eight stations. In addition the Commission will commence a major programme of seismic strengthening on approximately 40 of its fire stations.

Greenhouse gas emissions

In 2007/2008 the Commission established its base level greenhouse gas (GHG) emissions. The baseline GHG emissions level included all operational and support activities undertaken but did not include the GHG emissions resulting from the emergency incidents. Further research is required to understand the relationships and impact the Fire Services emergency response actions have on GHG emissions. This research will be completed in 2009/2010 and enable the Commission to set a comprehensive GHG emissions target for both its operations and the fire outcomes it has the mandate to reduce.

How we will assess organisational capability

Organisational health and capability

Achieve improved diversity of the NZFS workforce so that it better reflects the communities we serve. Targets for June 2012

- 11% of operational firefighter will be of Maori origin.
 - 4.25% of operational firefighters will of Pacific People origin.
 - 5.5% of operational firefighters will be female.
-

Sufficient volunteers are available to volunteer brigades so they can meet their community obligations.

Improve the employee engagement index to 75% by 2011.

Maintain annual employee turnover rates below:

- 15% for management and support and communication centre staff
 - 6% for firefighters.
-

Achieve the business excellence score in the 500 point range in 2009/2010.

The Commission will develop, in consultation with other agencies, a framework for non-fire emergencies that shows the value the Fire Service provides to shared outcomes with other agencies - by 30 April 2010.

Environment

Establish targets for reducing carbon emissions and energy consumption by 30 December 2009.

Financial Health (main financial measures)

The Commission monitors the following measures on a monthly basis:

Measure	Purpose
Actual income, expenditure and surplus/deficit against budget (measured against forecast)	Monitor organizational progress and determine where action needs to be taken on a timely basis
Levels of debt and investments (minimum liquidity buffer of \$10,000,000)	Ensure that the Commission remains within the prudential limits it has set itself
Capital cash flows (measured against forecast)	An indicator that the capital programme established by the Commission remains on track
Levy receipts (measured against forecast flows)	To ensure the Commission is well apprised of the impacts on its primary income source

Consultation and Reporting to the Minister of Internal Affairs

Consultation with the Minister

The Commission is committed to a “no surprises policy” for new initiatives, operational events and overall policies. The Commission will provide its responsible Minister with accurate, relevant, complete and timely information to ensure the Minister’s decisions and responsibilities with respect to the Commission can be carried out on a fully informed basis.

Reporting to the Minister

The Commission will provide quarterly progress reports to the Minister against the national goals, 2009/2010 Statement of Forecast Service Performance, risks, key initiatives and other information as required. The quarterly reports will be provided within the following timeframes:

Quarter	Timeframe – no later than
1 July 2008 to 30 September 2009	23 October 2009
1 October 2008 to 31 December 2009	19 February 2009
1 January 2009 to 31 March 2010	23 April 2010
1 April 2009 to 30 June 2010	23 July 2010

Processes in relation to acquisitions

The Commission does not have any proposals or intentions to acquire shares or interests in companies, trusts or partnerships.

Other matters

The Commission has included all the information it believes is reasonable necessary for gain an understanding of its intentions and directions.

Statement of responsibility

The information on future operating intentions of the New Zealand Fire Service Commission for the year ending 30 June 2010 contained in this Statement of Intent 2009/2012 has been prepared in accordance with sections 141 and 142 of the Crown Entities Act 2004.

As members of the New Zealand Fire Service Commission we acknowledge that, in signing this statement, we are responsible for the information contained in this Statement of Intent 2009/2012.

The New Zealand Fire Service Commission is responsible for the prospective financial statements presented, including the assumptions underlying the prospective financial statements and all other disclosures.

The prospective financial statements and assumptions and the forecast statement of service performance have been prepared to meet the requirements of the Crown Entities Act 2004.

We certify that the information contained in the Statement of Intent 2009/2012 is a fair and reasonable reflection of the New Zealand Fire Service Commission's operating intentions.

Dame Margaret Bazley, DNZM, Hon DLit
Chairperson
27 May 2009

Angela Foulkes, ONZM
Member
27 May 2009

Prospective financial statements and assumptions

Use of information contained in these prospective financial statements

Caution should be exercised when using the information contained in these prospective financial statements. The information has been prepared to meet the requirements of the Crown Entities Act 2004 and may not be appropriate for any other use. The Commission has complied with Financial Reporting Standard 42 Prospective Financial Statements (FRS-42) in the preparation of these prospective financial statements.

It should be noted that the financial statements included in this Statement of Intent are prospective. The prospective financial statements contain no actual operating results and actual achievement may materially differ from the prospective figures stated. These prospective financial statements are based on significant financial assumptions detailed below. Any change to these assumptions during the year will not be reflected in these financial statements.

Significant assumptions

To the extent known, the impacts on the Commission of the current economic climate have been factored into the prospective financial statements, including:

- A significant reduction in forecast levy income compared to the forecasts set out in last year's Statement of Intent.
- Increased cost of importing fire appliance cabs and chassis's, protective clothing, pumps communications equipment, etc due to adverse movements in the NZ\$/US\$ exchange rate.
- Reduced interest income due to lower interest rates
- Additional balance sheet provisions to cover actuarially assessed liabilities such as long service leave and gratuities.
- Increased cost of supplies and services including fuel, utilities and rates.

Other significant assumptions in the prospective financial statements for 2009/2012 are summarised in the following bullet points and table:

- the current organisation structure will be in place throughout the period
- the current range of services will be in place throughout the period
- firefighter callbacks and long term sick will be actively managed within the agreed budget parameters.
- the capital programme will be delivered.
- the properties proposed to be transferred to the Office of Treaty settlements (Petone, Lower Hutt and Mt Maunganui, etc) will be transferred in 2009/2010 and market value will be realised.

New Zealand Fire Service Commission Statement of Intent 2009/2012

Other Significant Assumptions	2009/10	2010/11	2011/12
Levy rate	7.6c	7.6c	7.6c
Levy base growth	2.0%	2.25%	2.5%
Statutory day adjustment (no of callbacks)	28	24	27
Callbacks for sick leave etc per firefighter	12.8	12.8	12.8
Callbacks for long term sick/firefighter	1.0	1.0	1.0
Gratuities and long service leave	Actuarial	Actuarial	3%
ACC levies and Residual claims levy (per \$100)	1.75	\$1.90	\$2.00
CPI - Fleet servicing, travel	2.1%	2.5%	3%
CPI - Rent, rates and power	4%	4%	4%
CPI - Insurance and audit fees	5%	5%	5%
Revaluations - land / buildings	3% / 3%	3% / 3%	4% / 5%
Interest rates - income	2.75%	3.0%	5.0%
Interest rate - expense	4.75%	5.0%	7.0%
Diesel	\$1.40	\$1.70	\$2.00
Petrol	\$1.80	\$2.10	\$2.40
UFBA Funding	\$1,796k	\$1,627k	\$1,627k
Contestable Research Fund	\$550k	\$550k	\$550k
Recruit courses	2	2	2

Updating financial statements

The Commission does not intend to update these prospective financial statements during the year. The next planned update of the financial statements is the 2011/2014 Statement of Intent, which will be tabled in Parliament prior to 1 July 2011.

Prospective financial statements

Prospective statement of comprehensive income

for the years ending 30 June

	Budget 2010 \$000	Forecast 2011 \$000	Forecast 2012 \$000
Revenue			
Levy	304,666	311,308	319,140
Other revenue	7,826	7,914	8,581
Total revenue	312,492	319,222	327,721
Income	1,515	951	516
Total revenue and income	314,007	320,173	328,237
Expenditure			
Employee and volunteer benefits	201,983	203,726	210,981
Depreciation	28,228	30,563	33,408
Amortisation	2,092	2,834	3,253
Finance costs	696	844	641
Other expenditure	76,310	77,719	80,449
Total expenditure	309,309	315,686	328,732
Net surplus/(deficit) attributable to the Commission	4,698	4,487	-495
Net surplus/(deficit) attributable to the Rural Fire Fighting Fund	481	520	520
Net surplus/(deficit) attributable to the owners of the Commission	5,179	5,007	25
Other comprehensive income			
Gains on revaluation of land and buildings net of impairment	10,639	10,958	17,145
Total comprehensive income attributable to the owners of the Commission	15,818	15,965	17,170
* Other expenditure			
Fleet	13,945	14,958	16,019
Communications and computer	12,865	13,250	14,162
Occupancy	11,531	12,061	12,180
Operational clothing, equipment and consumables	10,895	9,848	9,984
Travel	6,937	7,043	6,896
Publicity and advertising	5,285	5,322	5,387
Other	14,852	15,237	15,821
Total other expenditure	76,310	77,719	80,449

Prospective statement of financial position
as at 30 June

	Budget 2010 \$000	Forecast 2011 \$000	Forecast 2012 \$000
Assets			
Current assets			
Cash and cash equivalents	17,353	6,287	11,576
Trade and other receivables	6,352	6,352	6,352
Prepayments	536	536	536
Inventories	212	212	212
Total current assets	24,453	13,387	18,676
Non-current assets			
Property, plant and equipment	528,106	563,049	578,615
Intangible assets	14,675	16,664	16,120
Total non-current assets	542,781	579,713	594,735
Total assets	567,234	593,100	613,411
Liabilities			
Current liabilities			
Bank overdraft	0	0	0
Trade and other payables	29,974	31,792	33,814
Employee and volunteer benefits	25,814	25,867	26,037
Borrowings	1,260	3,061	2,492
Provisions	2,809	2,809	2,809
Unamortised gain on sale and leaseback	178	0	0
Total current liabilities	60,035	63,529	65,152
Non-current liabilities			
Employee and volunteer benefits	26,101	27,103	30,328
Borrowings	310	5,715	4,008
Provisions	702	702	702
Total non-current liabilities	27,113	33,520	35,038
Total liabilities	87,148	97,049	100,190
Net assets	480,086	496,051	513,221
Equity			
Accumulated funds	427,183	431,670	432,615
Revaluation reserves	51,038	61,996	77,701
Rural Fire Fighting Fund	1,865	2,385	2,905
Total equity	480,086	496,051	513,221

Prospective statement of changes in equity
for the years ending 30 June

	Budget 2010 \$000	Forecast 2011 \$000	Forecast 2012 \$000
Equity at beginning of year			
Accumulated funds	423,474	427,183	431,670
Revaluation reserves	39,410	51,038	61,996
Rural Fire Fighting Fund	1,384	1,865	2,385
Total equity at beginning of year	464,268	480,086	496,051
Changes in equity during year			
Transfers from statement of comprehensive income			
Accumulated funds	4,698	4,487	-495
Revaluation reserves	10,639	10,958	17,145
Rural Fire Fighting Fund	481	520	520
Total comprehensive income	15,818	15,965	17,170
Transfers from disposal of land and buildings			
Accumulated funds	(989)	0	1,440
Revaluation reserves	989	0	(1,440)
Total transfers from disposal of land and buildings	0	0	0
Total changes in equity during year	15,818	15,965	17,170
Equity at end of year			
Accumulated funds	427,183	431,670	432,615
Revaluation reserves	51,038	61,996	77,701
Rural Fire Fighting Fund	1,865	2,385	2,905
Total equity at end of year	480,086	496,051	513,221

Prospective statement of cash flows
for the years ending 30 June

	Budget 2010 \$000	Forecast 2011 \$000	Forecast 2012 \$000
Cash flows from operating activities			
Receipts from levy	306,966	313,858	321,690
Receipts from other revenue	10,414	10,533	10,508
Net GST received/(paid)	1,839	1,866	2,073
Payments to employees and volunteers	(201,856)	(202,682)	(207,598)
Payments to suppliers for goods and services	(80,304)	(82,124)	(84,853)
Net cash flows from operating activities	37,059	41,451	41,820
Cash flows from investing activities			
Interest received	907	689	1,123
Proceeds from sale of property, plant and equipment	8,954	0	10,347
Purchase of intangible assets	(4,977)	(3,600)	(1,938)
Purchase of property, plant and equipment	(51,053)	(46,118)	(43,146)
Net cash flows from investing activities	(46,169)	(49,029)	(33,614)
Cash flows from financing activities			
Payment of finance leases	(2,873)	(2,644)	(2,276)
Interest paid	(696)	(844)	(641)
Net cash flows from financing activities	(3,569)	(3,488)	(2,917)
Net increase/(decrease) in cash and cash equivalents	(12,679)	(11,066)	5,289
Cash and cash equivalents at beginning of year	30,032	17,353	6,287
Cash and cash equivalents at end of year	17,353	6,287	11,576

Statement of accounting policies

Reporting entity

The New Zealand Fire Service Commission (the Commission) is a body constituted under section 4(1) of the Fire Service Act 1975. The Commission is a Crown entity as defined by the Crown Entities Act 2004. The Commission's ultimate parent is the New Zealand Crown.

The Commission's primary objective is to provide services in New Zealand for community benefit rather than to make a financial return. Accordingly, the Commission has designated itself as a public benefit entity for the purposes of the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis of preparation

Statement of compliance

These prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). These prospective financial statements comply with NZ IFRS and other applicable Financial Reporting Standards as appropriate for public benefit entities.

Measurement base

These prospective financial statements have been prepared on a historical cost basis modified by the revaluation of the following:

- Financial assets and liabilities at fair value
- Derivative financial instruments at fair value
- Certain classes of property, plant and equipment at methods appropriate to the class of asset.

The methods used to measure fair value are discussed in the specific accounting policies.

Functional and presentation currency

These prospective financial statements are presented in New Zealand dollars (\$), which is the Commission's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars, unless otherwise stated.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

There are no standards, amendments and interpretations issued that are not yet effective and have not been early adopted that have a significant impact on these prospective financial statements if adopted.

Significant accounting policies

Revenue

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

Levy

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.

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

Provision of services

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

Volunteer services

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

Income

Interest income

The Commission recognises interest income using the effective interest method.

Rental income

Lease rental received under operating leases are recognised as income on a straight-line basis over the lease term.

Donated assets

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

Depreciation

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

The estimated useful lives and associated depreciation rates of the asset classes are as follows:

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

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease or the estimated remaining useful life of the improvements.

Assets recognised under a finance lease are depreciated over the shorter of the lease term or the estimated useful life of the asset.

Amortisation

Amortisation is charged to the prospective statement of comprehensive income on a straight-line basis at rates estimated to write off the cost of an asset, less any residual value, over its useful life.

The estimated useful lives and associated amortisation rates of the asset classes are as follows:

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

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

Interest expense

Interest expense is recognised using the effective interest rate method.

Goods and services tax (GST)

All items in the prospective financial statements are exclusive of GST, with the exception of receivables and payables which are presented with GST included. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the prospective statement of financial position.

The prospective statement of cash flows has been prepared on a net GST basis, with cash receipts and payments presented exclusive of GST. A net GST presentation has been chosen to be consistent with the presentation of the prospective statement of comprehensive income and prospective statement of financial position. The net GST paid to or received from the IRD, including the GST relating to investing and financing

activities, is classified as an operating cash flow in the prospective statement of cash flows. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Income tax

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

Foreign currency transactions

Transactions in foreign currency are converted at the date of the transaction. Foreign exchanges gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the prospective statement of comprehensive income.

Financial instruments

The Commission is party to financial instruments as part of its normal operations. Financial instruments include financial assets and financial liabilities. Financial instruments are initially recognised at fair value plus transaction costs. Subsequent measurement of financial instruments is dependent upon the classification determined by the Commission at initial recognition.

Financial instruments are classified into the following categories based upon the purpose for which they were acquired.

Financial assets

The Commission classifies its financial assets in the following categories:

- (a) Financial assets at fair value through the prospective statement of comprehensive income are comprised of derivative financial instruments.

The Commission uses derivative financial instruments (forward foreign exchange contracts) to manage its exposure to foreign exchange risk in relation to the purchases of significant items of property, plant and equipment. The Commission does not hold or issue these financial instruments for trading purposes, and has not adopted hedge accounting.

Forward foreign exchange contracts are initially recognised at fair value on the date the Commission entered into the contract and are subsequently remeasured to their fair value at each balance date. Fair value is determined as the value of entering into a forward foreign exchange contract, for the same quantity of foreign currency with the same settlement date as the original contract, on the date for which the fair value is determined. Movements in the fair value of the forward foreign exchange contracts are recognised in the prospective statement of comprehensive income.

Derivative financial instruments can also be classified as financial liabilities depending upon the fair value at balance date.

- (b) Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents include cash on hand, deposits held at call with banks both domestic and international, other short-term, highly liquid investments, with original maturities of three months or less from the date of acquisition and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the prospective statement of financial position.

Trade and other receivables are financial assets with fixed or determinable payments. They arise when the Commission provides goods or services directly to a debtor with no intention of selling the receivable asset.

Trade and other receivables are recognised initially at fair value plus transaction costs. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance date for assets of a similar maturity and credit risk. Trade and other receivables issued with a duration less than twelve months are recognised at their nominal value.

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Commission will not be able to collect all amounts due in accordance with the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amounts and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the prospective statement of comprehensive income.

When a trade receivable is uncollectible, it is written off against the provision for impairment of trade receivables. Subsequent recoveries of amounts previously written off are credited against impairment of receivables in the prospective statement of comprehensive income.

Financial liabilities

Financial liabilities comprise trade and other payables. These items represent unpaid liabilities for goods and services provided to the Commission before the end of the financial year. The amounts are unsecured and usually paid within 30 days of recognition. Financial liabilities entered into with a duration of less than twelve months are recognised at their nominal value.

Financial liabilities with a duration of more than twelve months are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. The amortisation and any realised gain or loss on disposal of financial liabilities are recognised in the prospective statement of comprehensive income.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis by the Commission are measured at the lower of cost or current replacement cost. Where inventories are acquired at no cost or for nominal cost, the cost is deemed to be the current replacement cost at the date of acquisition.

Inventories include material for level one uniforms and replacement gear boxes for fire appliances.

Non-current assets held for sale

Non-current assets held for sale are assets where their carrying amount will be recovered through a sale transaction rather than through continuing use. Non-current assets held for sale are assets available for immediate sale and where the sale is highly probable.

Non-current assets held for sale are recognised at the lower of their carrying amount and fair value (market value) less costs to sell, and are not depreciated or amortised while classified as held for sale.

Leases

Finance leases

Leases that transfer to the Commission substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred, are classified as finance leases.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the prospective statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is recognised in the prospective statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty that the Commission will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life.

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

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Commission are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the prospective statement of comprehensive income.

Leasehold improvements are capitalised as property, plant and equipment.

Lease incentives received are recognised in the prospective statement of comprehensive income over the lease term as an integral part of the total lease expense.

Property, plant and equipment

Property, plant and equipment assets are classed as land, buildings, leasehold improvements, fire appliances, motor vehicles, communications, computer, operational and non-operational equipment.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

Costs are capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset. This includes all costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. For existing assets, subsequent expenditure that extends or expands the asset's service potential is capitalised.

Costs that do not meet the criteria for capitalisation, including costs of day-to-day servicing of property, plant and equipment, are recognised in the prospective statement of comprehensive income.

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

An asset is complete when it is available for use in the location and condition necessary for it to be capable of operating in the manner intended. Costs associated with assets not complete are recognised in work in progress. When the asset is complete the costs are transferred to the relevant asset class and depreciated in accordance with that class.

Revaluations

After initial recognition land and buildings are valued annually to fair value by an independent registered valuer. Fair value is determined using market-based evidence and is determined by reference to the highest and best use of those assets. Where there is no market related evidence, fair value is determined by optimised depreciated replacement cost.

The Commission accounts for revaluations on a class basis. On revaluation any accumulated depreciation is eliminated against the gross carrying amount and then the gross carrying amount is adjusted to equal the revalued amount.

The result of the revaluation of land and buildings is charged to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve for a class of asset, this balance is expensed in the prospective statement of comprehensive income. Any subsequent revaluation increase is firstly charged to the prospective statement of comprehensive income to the extent that it offsets a previous revaluation decrease recognised in the prospective statement of

comprehensive income, and then secondly credited to the revaluation reserve for that class of asset.

Disposals

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset less any disposal costs. Gains and losses on disposal are recognised in the prospective statement of comprehensive income when they occur.

When assets are disposed of, any related amount in the asset revaluation reserve is transferred to accumulated funds.

Intangible assets

Intangible assets comprise computer software and the Shared Information Technology Environment (SITE) assets and are shown at cost, less accumulated amortisation and impairment losses.

Computer Software

Costs are capitalised as computer software when it creates a new asset or increases the future economic benefits of an existing asset.

Costs capitalised for acquired computer software licences include the costs incurred to acquire and bring the software into use.

Costs capitalised for internally developed computer software include the costs incurred in the development phase only. Expenditure incurred on research is recognised in the prospective statement of comprehensive income.

Costs that do not meet the criteria for capitalisation, including staff training and software maintenance, are recognised in the prospective statement of comprehensive income.

Shared Information Technology Environment (SITE)

SITE is a systems and technology platform that supports receiving calls and dispatching resources to emergency incidents. These SITE assets include computer aided despatch software, land mobile radio network and associated telecommunications structures.

SITE is primarily housed in the communication centres shared with the New Zealand Police. The value capitalised reflects the Commission's proportional ownership. New Zealand Police maintain SITE and proportionally charge the Commission; this charge is recognised in the prospective statement of comprehensive income.

Disposals

Gains and losses on disposals of intangible assets are determined by comparing the proceeds with the carrying amount of the asset, less any disposal costs. Gains and losses on disposal are recognised in the prospective statement of comprehensive income when they occur.

Impairment of non-financial assets

The carrying amounts for property, plant and equipment and intangible assets are reviewed annually to determine if there is any impairment. Impairment is where events or changes in circumstances occur that result in the carrying amount of an asset not being recoverable.

An impairment loss is the amount by which the asset's net carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Impairment losses on revalued land and buildings are treated as a revaluation decrease. Impairment losses on other property, plant and equipment and intangible assets are recognised in the prospective statement of comprehensive income.

Employee and volunteer benefits

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

Current employee and volunteer benefits

Benefits to be settled within 12 months of balance date are calculated at undiscounted current rates of pay according to the amount of the accrued entitlements. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and retiring and long service leave entitlements expected to be settled within 12 months.

Non-accumulating absences such as maternity leave are compensated when the absences occur and therefore no accrual is necessary. Sick leave is paid when taken under the Commission's wellness policy and therefore no accrual is necessary.

Non-current employee and volunteer benefits

Benefits that are payable beyond 12 months, such as long service leave, retirement leave and gratuities, are calculated on an actuarial basis.

The actuarial calculation takes into account the future entitlements accruing to staff, based on years of service, years until entitlement, the likelihood that staff will reach the point of entitlement, contractual entitlements information and the present value of the estimated future cash flows.

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

Movements in the actuarial valuations are recognised in the prospective statement of comprehensive income.

Superannuation schemes

Defined contribution schemes

Contributions to Kiwi Saver, State Sector Retirement Savings Scheme and National Provident Fund are accounted for as defined contribution superannuation schemes and are expensed in the prospective statement of comprehensive income as they fall due.

Defined benefit schemes

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

Provisions

The Commission recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are distinct from other liabilities, such as trade payables, because there is uncertainty about the timing or the amount of the future expenditure required in settlement.

The Commission provides for the amount it estimates is needed to settle the obligation at its present value. It uses a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Any increase in the provision due to the passage of time is recognised as a finance cost.

Specific accounting policies for major provisions are outlined:

Lease make-good

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

Loss of medical scheme

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

ACC Partnership Programme

The Commission belongs to the Accident Compensation Corporation (ACC) Partnership Programme, a full self cover plan with the ACC.

Under this plan the Commission accepts the management and financial responsibility for employee work related illnesses and accidents, manages all claims and meets all claim's costs for a period of four years. At the end of four years, the liability for ongoing claims passes to ACC, with the Commission paying a premium for the value of residual claims.

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

Equity

Equity is the public's interest in the Commission and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the Commission. The components of equity are accumulated funds, revaluation reserves and the Rural Fire Fighting Fund.

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

Prospective statement of cash flows

The makeup of cash and cash equivalents for the purposes of the prospective statement of cash flows is the same as cash and cash equivalents in the prospective statement of financial position. The prospective statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows.

Expenditure allocation

Expenditure is allocated to outputs as follows:

- Expenditure that is directly related to an output is allocated to that output.
- Operational wages and salaries expenditure is allocated to outputs based on the percentage of time operational staff spend on each output.
- Other operational expenditure, including operational training and Communication Centre expenditure is allocated to outputs based on the percentage of time operational staff spend on Firefighting and other Fire Service Operations outputs.
- All other expenditure is allocated to outputs based on the proportion of total expenditure already allocated to each output, including direct costs, operational wages and salaries and other operational expenditure.

Revenue and income allocation

Other revenue and income that is directly related to an output is allocated to that output. Other revenue and income that is not directly related to an output is allocated to outputs based on the proportion of gross expenditure allocated to the outputs.

Levy revenue is allocated to outputs based on the proportion of net expenditure allocated to the outputs. Net expenditure is total expenditure net of other revenue and income.

Changes in accounting policies

The accounting policies set out above have been applied consistently to all periods presented in these financial statements.

Statement of forecast service performance for 2009/2010

To achieve the Commission's outcomes a range of services (outputs) are provided to the public. The three classes of outputs are:

- Fire safety education, prevention and advice
- Fire fighting and other Fire Service operations
- Rural fire leadership and coordination

The output structure reflects the Commission's functions and operations in providing services that reflect the Commission's statutory functions and align with the needs of communities.

There are no exemptions for any outputs as per section 143 of the Crown Entities Act 2004.

The following table summarises the output classes and associated outputs, and the cost of providing those outputs for 2009/2010.

Cost of the outputs for the year ending 30 June 2010

	Forecast levy receipts \$000	Forecast other revenue \$000	Forecast gross expenditure \$000	Surplus/ (Deficit) \$000
Output Class 1 Fire safety education, prevention and advice.	46,352	965	46,330	987
Output 1.1: Fire prevention and advice to the general public	29,469	472	29,309	632
Output 1.2: Professional and technical advice to the Built Environment public	15,041	94	14,866	269
Output 1.3: Fire safety legislation	1,842	399	2,155	86
Output Class 2 Fire fighting and other Fire Service operations	253,861	8,292	258,070	4,083
Output 2.1: Operational readiness	207,509	5,409	209,692	3,226
Output 2.2: Operational responses to fire and other emergencies	38,678	2,835	40,855	658
Output 2.3: Wider emergency management capability	7,674	48	7,253	199
Output Class 3 Rural fire leadership and coordination	6,753	2,419	9,063	109
Output 3.1: Advice and support to fire authorities and rural fire committees and administration of the Rural Fire Fighting Fund and grant assistance schemes	6,139	2,415	8,544	10
Output 3.2: Rural fire standards, audit, evaluation of fire authority performance and management of the fire weather monitoring and prediction system	614	4	519	99
TOTAL COST OF OUTPUTS	306,966	11,676	313,463	5,179

Note: Levy income, other revenue and gross expenditure includes both the Commission and Rural Fire Fighting Fund (RFFF) prospective amounts. The prospective statement of comprehensive income only shows the RFFF net surplus. The RFFF net surplus is made up of \$2,300k levy income, \$2,335k of other revenue and \$4,154k of expenditure.

Output classes

This section of the SOI sets out the detailed service delivery measures for the three output classes described in "The Commission's outputs and their expected impacts" section on page 12.

Output class 1 - Fire safety education, prevention and advice

(Sections 20, 21, 21A and 29 of the Fire Service Act 1975 and sections 46, 47, 121 and 132 of the Building Act 2004)

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

Output 1.1 Fire prevention and advice to the general public

This output includes the delivery of fire safety education and advice to the public. These services aim to change peoples' behaviour by improving their knowledge about fire risks and what actions to undertake to reduce those risks. It is delivered under the direction of the five-year national promotion plan. This plan identifies key groups who are at-risk in terms of fire and the organisations the Fire Service can form partnerships with to help deliver fire prevention and fire safety advice.

For rural landowners, the National Rural Fire Authority (NRFA) co-ordinates a national campaign to promote fire-safe behaviour in rural areas. The campaign focuses on fire prevention and making landowners and the general public aware of their legal obligations with respect to vegetation fires. The campaign is run in conjunction with the New Zealand Forest Owners Association and the Department of Conservation and includes television and print media advertising. Fire authorities also carry out local campaigns within their jurisdictions during the year.

Performance measures

	Measure	SOI target
1.1.1	Number of fire safety education programmes delivered targeting at-risk groups under the national promotion plan: <ul style="list-style-type: none"> • programmes for children using the FireWise programme • programmes for young people using the Fire Awareness Intervention Programme (FAIP) • home visits delivering fire safety messages 	1,200-1,500 700-1,000 13,000-16000
1.1.2	Percentage of programmes delivered to at-risk groups using the standard national promotion material.	100%
1.1.3	Number of smoke alarms installed by 30 June 2009.	20,000-25,000
1.1.4	The NRFA will co-ordinate an education and promotion campaign during the fire season, in partnership with rural stakeholders, to raise public awareness of the hazards associated with fire in forest and rural areas.	Campaign conducted between Dec 2008 and Feb 2009
1.1.5	Percentage of public satisfaction and level of expectations met with fire safety education provided by the Fire Service.*	At least 80%

* The Commission monitors customer satisfaction and expectations through an annual independent customer survey in August/September each year.

Output 1.2 Professional and technical advice to the built environment public

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

The Fire Service works in partnership with key industry representatives to make sure consistent national fire safety standards are developed and deployed. The primary focus is on standards for building design, standards for automated fire safety systems and evacuation processes. The representative groups include 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 Department of Building and Housing and building owners.

Performance measures

	Measure	SOI target
1.2.1	Number of times technical fire safety advice is delivered to each of the following: <ul style="list-style-type: none"> • on sound fire safety features in building design • on making sure buildings are used safely and according to their design • on making sure buildings are well managed in terms of maintaining a high level of fire safety • to organisations or individuals 	7,000-10,000
1.2.2	Percentage of technical advice delivered that meets the national technical fire safety standards.	100%

Output 1.3 Fire safety legislation

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

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

Performance measures

	Measure	SOI target
1.3.1	Number and percentage of advice (Fire Service memoranda) provided to territorial authorities on building consent applications within 10 working days of being received.	500-1000 100% within 10 days
1.3.2	Percentage of Fire Service memoranda meeting the internal quality standards.	100%
1.3.3	Percentage of evacuation schemes submitted to the Fire Service processed within 20 working days of being received.	At least 90%
1.3.4	Percentage of identified dangerous buildings notified to the relevant territorial authority.	100%

Output Class 2 - Fire fighting and other Fire Service operations

(Sections 17N, 17O, 21A, 23 to 26, 27, 27A, 28, 28A, 29, 30, 32, 34, 35, 36, 36A, 40, and 41 of the Fire Service Act) and the provisions of the Civil Defence Act.

This output class includes the services the Commission provides to prepare for and suppress fires and provide a response to other emergencies. Responses to other emergencies includes such things as motor vehicle accidents, hazardous substance emergencies, natural disasters and medical emergencies. The Fire Service's role in helping communities to be prepared for emergencies is also included in this output class. Examples of these types of services are maintaining the urban search and rescue capability, working with territorial authorities to be prepared for civil defence emergencies and membership on a range of local committees or groups tasked with preparation and response to non-fire emergency incidents.

Output 2.1 Operational readiness

This output covers activities to make sure the Fire Service maintains a state of operational readiness 24 hours of every day. The fire Service achieves this through comprehensive staff training, regular equipment maintenance and accurate operational incident pre-planning. Additional information on training is included in the organisational capability section on page 32.

The Fire Service verifies its state of readiness by conducting internal operational readiness audits. The Fire Service's operational readiness is continually being improved implementing improvements identified as a result of post-incident operations investigations.

The pre incident planning ensures information is available for buildings so the Fire Service is able to take the most appropriate actions in the event of an emergency incident. The Fire Service reviews and updates risk plans on a regular basis to ensure information remains current.

Performance measures

	Measure	SOI target
2.1.1	Percentage of stations audited meeting the minimum standard for operational readiness, as judged by operational readiness audits, either at the time of or within three months of the audit taking place.	100%
2.1.2	Percentage of stations audited on a three-year rolling basis.	100%
2.1.3	Number of operational plans developed or reviewed in accordance with the national commander's operational instructions.	700-1,000 developed 1,000-1,500 reviewed

Output 2.2 Operational responses to fire and other emergencies

This output includes the operational responses to fire and other emergencies. National service delivery guidelines are in place for responses to a range of emergency incident types. The national guidelines are intended to provide stretch targets to ensure that stations are located optimally, resources are deployed in an efficient way and that processes are improved to minimise the overall response times to emergency incidents. Improvements in response times will be made over the long-term as moving fire stations and changing equipment is costly and time consuming. National goals for monitoring response times are included on page 18.

Also included in this output are post-incident operational reviews that are carried out following major incidents the Fire Service has attended. The reviews highlight examples of good operational practice that can be shared throughout the organisation and to identify opportunities for improvement.

Performance measures

	Measure	SOI target
2.2.1	Percentage of alarms to fires, in fire districts, responded to by the Fire Service and appropriate action taken.	100%
2.2.2	Percentage of alarms to fires, outside fire districts, responded to by the Fire Service and protection of life and property given.	100%
2.2.3	Percentage of alarms to non-fire emergencies in fire districts, responded to by the Fire Service and assistance provided.	100%
2.2.4	Percentage of alarms to non-fire emergencies, outside fire districts, responded to by the Fire Service and protection of life and property given.	100%
2.2.5	Percentage of alarms to incidents that turn out to be false responded to by the Fire Service.	100%
2.2.6	Percentage and number of post-incident operational reviews carried out, according to the national commander's operational instructions, for all incidents meeting the national commander's criteria.	100% Estimated at between 20-40
2.2.7	Percentage and number of specialist fire investigations, according to the national commander's operational instructions, completed for all incidents meeting the national commander's criteria.	100% Estimated at between 220-300
2.2.8	Percentage of the public's satisfaction and level of expectations met with the overall response services provided by the Fire Service. *	At least 90%

* The Commission monitors customer satisfaction and expectations through an annual independent customer survey in August/September each year.

Output 2.3 Wider emergency management capability

This output covers the Fire Service's wider emergency management activities at the national, regional and local level. It includes planning and research relating to low frequency / high impact events such as earthquakes. This 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.

The Commission has made a large investment in urban search and rescue capability over the last three years. It has established three teams, one each in Auckland, Palmerston North and Christchurch. Each team was upgraded to International Search and Rescue Advisory Group (INSARAG) medium level during 2006/07. The Fire Service will continue to maintain this capability.

This output also covers the Fire Service's participation in multi-agency training exercises to help prepare for responses to community-scale incidents.

Performance measures

	Measure	SOI target
2.3.1	Number of times the Fire Service participated in Emergency Management Group meetings.	Between 30-50
2.3.2	Number of urban search and rescue teams maintaining the International Search and Rescue Advisory Group (INSARAG) medium level.	3 by 30 June 2010
2.3.3	Number of local and regional committees the Fire Service participated in to contribute to the management of non-fire emergencies.	Between 250-350
2.3.4	Number of exercises carried out with other emergency management providers and/or agencies involved in the management of community-scale incidents.	Between 250-350
2.3.5	The Fire Service will meet its national civil defence obligations when participating in national level civil defence and emergency management exercises as determined by post exercise review.	100%
2.3.6	Establish an framework for non-fire emergencies that shows the value the Fire Service provides to shared outcomes with other agencies.	April 2010

Output Class 3: Rural fire leadership and co-ordination

(Sections 14A, 17X and 46A to 46L of the Fire Service Act and Section 18 of the Forest and Rural Fires Act)

This output class covers services to provide leadership and co-ordination on rural fire management, including: establishing rural fire standards, auditing fire authorities compliance against those standards, evaluating fire authority performance under the Forest and Rural Fires Act and providing a coordinated national view on rural fire issues.

Output 3.1 Advice and support to fire authorities and rural fire committees and administration of the rural fire fighting fund and grant assistance schemes

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

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

The Commission is required to carry out its activities in a transparent way. A mediation process is therefore available if fire authorities have any issues with the decision process for either the grant assistance scheme or the RFFF.

Performance measures

	Measure	SOI target
3.1.1	Percentage of fire authorities advised of the results of their grant applications (estimated at between 40 and 80 and \$1.7m in value) within two months of the application cut-off date.	100%
3.1.2	Percentage of approvals for grant assistance applications in accordance with the Commission's policy as verified by internal audit	100%
3.1.3	Percentage of fire authorities advised of the results of their claim within two months of it being lodged with the NRFA under the rural fire fighting fund.	90%
3.1.4	Percentage rural fire fighting fund claim decisions accepted without recourse to mediation	95%
3.1.5	Percentage of members of regional rural fire committees indicating satisfaction with administrative support and meeting facilitation, as determined by an independent survey.	95%

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

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

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

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

The output also includes the maintenance of a rural fire training unit standard under the NZQA framework. The NRFA also provides the training material for this unit standard.

Performance measures

	Measure	SOI target
3.2.1	Percentage of fire authorities provided with written reports, on the estimated 60 fire and equipment, weather station and training standards audits, within two months of the audit.	100%
3.2.2	Percentage of fire authorities provided with a written draft performance report, on the estimated five assessments of fire authorities performance under the Forest and Rural Fires Act 1977, within two months of the assessment.	100%
3.2.3	Percentage of performance reports accepted by fire authorities without recourse to mediation.	95%
3.2.4	Percentage daily availability of fire weather information to fire authorities during the fire season.	100%
3.2.5	Percentage of fire weather information updated by 3pm on days during the fire season.	95%
3.26	Review and update rural fire course content so that it provides the knowledge requirements of the relevant New Zealand Qualifications Authority unit standard.	By 31 March 2010