



Briefing to the Incoming Minister

Fire and Emergency New Zealand

Date: October 2017
IN CONFIDENCE





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On behalf of the Fire and Emergency New Zealand Board, I would like to congratulate you on your appointment as Minister of Internal Affairs. Your appointment comes amidst a period of significant change for the fire and emergency services sector. This briefing outlines some of the key issues that the Board is currently addressing and supports the briefing provided by the Department of Internal Affairs, who provide you with policy advice on our fire and emergency services.

Fire and Emergency New Zealand was established on 1 July 2017 bringing together urban and rural fire services throughout New Zealand drawing on more than 150 years of firefighting tradition and experience. Our people are highly-regarded for the excellent service they provide communities on a daily basis and the former New Zealand Fire Service has been consistently ranked as New Zealand's most trusted public sector agency by Colmar Brunton.

The Fire and Emergency New Zealand Act 2017 provided the foundation to address some challenges, starting with

the amalgamation of the New Zealand Fire Service, the National Rural Fire Authority, 12 enlarged rural fire districts and 26 territorial authority rural fire authorities into one organisation.

Volunteers make up 85 percent of all firefighters, and New Zealanders rely on the goodwill of volunteers to provide national coverage outside of the major population centres. Changing population demographics and employment conditions have put increasing pressure on our traditional volunteer base.

The nature of the incidents our people attend has significantly changed over recent years. Urban and rural firefighters are now called on to respond to an ever increasing array of non-fire incidents including medical emergencies, motor vehicle accidents, hazardous materials incidents, severe weather events, and a wide range of rescue situations requiring our Urban Search and Rescue (USAR) teams.

Given the critical nature of firefighters' work, the Board's focus for 'Day One' was to ensure the amalgamation of

urban and rural fire services occurred without disruption to emergency response, payroll, or operational command and control.

Work to establish the organisation has been divided into three phases – amalgamation on 1 July 2017; integration during 2017 – 2020; and then unification.

Building this new organisation requires strong engagement with our people, unions and associations who represent them, and we are committed to ensuring this collaborative way of working continues.

The Board looks forward to meeting with you to discuss your priorities as Minister of Internal Affairs.



Hon. Paul Swain
Chair, Fire and Emergency New Zealand Board



Creation of Fire and Emergency New Zealand

In 2016, Government introduced legislation to modernise New Zealand's fire services by setting up a single organisation responsible for urban and rural fire, with a mandate to provide a wider range of services. The intent of the reform was to provide New Zealanders with a fit for purpose fire and emergency service that is flexible, effective and efficient. This was the biggest change to the fire sector since the 1940s.

The Fire and Emergency New Zealand Act 2017 received Royal Assent on 11 May 2017, and Fire and Emergency New Zealand was established on 1 July 2017.

The Three Phases of Fire and Emergency New Zealand

The establishment of Fire and Emergency New Zealand on 1 July 2017 was a significant milestone in the life of the new organisation, the next three years will see Fire and Emergency New Zealand further defined and developed.

Amalgamation

On 1 July 2017 we successfully amalgamated more than 14,000 people from 40 separate organisations into Fire and Emergency New Zealand. This included the New Zealand Fire Service, the National Rural Fire Authority, 12 Enlarged Rural Fire districts and 26 rural fire authorities into one organisation.

Integration

From 2017 – 2020 we start building on the positive legacy of the past in preparation for the future. So while current urban and rural structures will initially operate side-by-side, we'll be working towards one unified structure.

The Fire and Emergency New Zealand Blueprint 2017-20 sets out the priorities and activities required to integrate the rural and urban systems, processes and tools, to build a single organisation and lay the foundation for unification.

The Blueprint is aligned to the organisational Statement of Intent 2017-2021; and the workstreams are:

- **Integrated Organisation and Operating Model**

We will integrate all the components of rural and urban fire services to enable the organisation to function as one by defining the operating model for how we will work as an integrated organisation, towards full unification by 2020.

- **Safety, Health and Wellbeing**

We will ensure the safety, health and wellbeing of Fire and Emergency New Zealand personnel remains the first guiding principal of anything we do. Our people operate in inherently dangerous and challenging situations and the associated risks need to be effectively managed. Risks are not just physical in nature; there is also the potential for psychological harm. This workstream includes activities to design and implement safety, health and wellbeing ownership, standards and support services.

- **Resilient Communities**

We will engage with our communities to identify and provide services that are appropriate to community risks and needs, in order to help build more resilient communities and reduce the consequences of emergencies.

- **Risk Reduction**

We will be building our capability to deliver effective community risk reduction activities to prevent unwanted fires and provide guidance on fire risk reduction and prevention. This work is focused on strengthening our ability to work with communities to achieve the outcome of reduced likelihood and impact of unwanted fire.

- **Volunteerism**

We will provide better support for Fire and Emergency New Zealand volunteers. The design of the new organisation will deliver better support for volunteers through better connections to the new organisation, greater recognition of volunteers' employers, as well as health and wellbeing support. This work will include the development and implementation of a Volunteer Strategy and various initiatives to improve support for volunteers.

- **People, Capability and Leadership**

We will shift Fire and Emergency New Zealand's culture to unify our people by implementing a leadership capability framework, and develop people, talent, and reward strategies.

- **Leadership Across the Sector**

We will define and implement Fire and Emergency New Zealand's future role as a leader in the emergency services sector, operationalise key delivery partnerships and engage key stakeholders and New Zealanders in the levy consultation process. Through this work we will build a high performing sustainable and resilient sector.

- **Infrastructure**

We will design and implement technology for a modern, mobile organisation, developing strategies for asset management and property, and refurbishing equipment to support an integrated organisation.

The Board will approve the final Blueprint 2017-2020 at their October 2017 meeting, and a copy will be provided to you for your information.

Unification

To be successful the Board must meet the intent of the new legislation and ensure that we unify our people around a common purpose and a shared set of values by 2020. It will need to be a diverse, inclusive organisation that recognises and appreciates the many different backgrounds of its people, and the skills they bring to the protection of their communities, whatever their needs are.

To ensure our communities are better prepared for the future, Fire and Emergency New Zealand will need to be flexible in its delivery. It will need to retain the strong links forged over many years between those communities and their urban and rural firefighters, with the establishment of Local

Advisory Committees to ensure it stays responsive to local risks and needs, especially around the prevention of fires or other emergencies, in addition to response and recovery.

Fire and Emergency New Zealand will need capable, well-resourced people to meet these different needs and effective leadership to guide and coordinate its actions. It will need to be a leader in its own field but a team player when it comes to working with other emergency service organisations, businesses or local government, as one member on a wider team of public service agencies.

As an organisation that is 85% volunteer-based, Fire and Emergency New Zealand will value and support its volunteers on whom it relies to provide coverage outside of the major cities, and especially in rural areas. That service is provided in volunteers' own time, so Fire and Emergency New Zealand will need to be an organisation that volunteers continue to feel motivated to be a part of.

We will ensure the safety, health and wellbeing of our people. While these concepts are already front of mind for many of the organisations that came into Fire and Emergency New Zealand, its expanded mandate will require this focus to be stronger than ever.

By working with our people and partner organisations towards these aims over the next three years, Fire and Emergency New Zealand can establish itself as a world-leading, integrated fire and emergency service and better meet the needs of our communities, now and into the future.



Governance and Management

The Board

Members of the Fire and Emergency New Zealand Board are appointed by the Minister of Internal Affairs having regard to criteria set out in both the Crown Entities Act 2004 (as amended in 2013) and the Fire and Emergency New Zealand Act 2017.

The Board members are:



Hon. Paul Swain, QSO (Chair)

Term ends 31 March 2019

Paul was appointed as the Board's Chair in April 2016 after leading the independent review of the Fire Service in 2012, which resulted in a call for reform.

His political career has spanned some 18 years, during which time he has held a number of ministerial portfolios including state-owned enterprises, transport, corrections and immigration. He was also a negotiator in Waitangi settlements, and holds a seat on the Wellington Regional Council. Paul was made a Companion of the Queen's Service Order in 2009. Paul is the Chair of the Rural Fire Committee, and a member of the Audit and Risk Committee and Integration Committee.

Register of interests:

- Greater Wellington Regional Councillor.
- Chair – New Zealand Utilities Advisory Group.
- Principal – Paul Swain Consulting.
- Former Chair – Fire Review Panel (2012).

Dr Nicola Crauford (Deputy Chair)

Term ends 31 March 2019



Nicola was appointed as the Board's Deputy Chair in April 2016. She has a wealth of governance experience, including a sound understanding of rural fire that was gained during her time as Chair of the Wellington Rural Fire Authority.

Nicola is Chair of the Integration Committee.

Register of interests:

- Director – Watercare Services Limited.
- Director – Wellington Water Limited.
- Director – Orion New Zealand.
- Chair – GNS Science.
- Director – Environmental Protection Agency.
- Consultant – WorleyParsons New Zealand Limited.
- Member – Electoral Authority of the Co-operation Bank Limited
- Director and Shareholder – Riposte Consulting Limited.



Peter Drummond MNZM

Term ends 31 March 2019

Peter was appointed to the Board in April 2016 and has an extensive background in governance and leadership roles. As a former Chair of the United Fire Brigades Association, Peter has an in-depth understanding of volunteers and the role they play in fire and emergency services.

Peter is a member of the Integration Committee.

Register of interests:

- Chairman – Appliance Connexion Group Services Limited.
- Director – Score Limited.
- Chairman – Medical Missions South Pacific.
- Director – Port Marlborough New Zealand Limited.
- Director – Ngāti Awa.
- Director – NARTA New Zealand Limited.
- Director – NARTA International Pty Limited.
- Chairman – Watercare Harbour Clean-Up Trust.
- Chairman – Whip Around.
- Former Member – Fire Review Panel (2012)



Te Arohanui Cook

Term ends 31 March 2018

Appointed to the Board in April 2016, Te Arohanui has had significant engagement with rural fire at both an operational level and through her involvement in rural fire training.

Te Arohanui is a member of the Audit and Risk Committee and the Integration Committee.

Register of interests:

- Volunteer Firefighter – Waipukurau.
- Former Director and Shareholder – RFNS Training Services Limited.
- Former Principal Rural Fire Officer – Central Hawke's Bay.
- Director and Shareholder – Phoenix Ventures Waipukurau Limited.



Angela Hauk-Willis

Term ends 31 March 2018

Angela has a wide range of governance experience, including being a Board member with the New Zealand Fire Service Commission since 2011. Angela brings continuity of governance to the Board as it leads the establishment of a new organisation.

Angela is Chair of the Audit and Risk Committee and a member of the Integration Committee.

Register of interests:

- Trustee – 2020 Trust.
- Chair – Risk and Assurance Committee, Ministry of Transport.
- Principal – Angela Hauk-Willis Consulting.

Governance

The Fire and Emergency New Zealand Act 2017 sets out the authority, responsibilities and operation of the Board. The management of the business and affairs of Fire and Emergency New Zealand takes place under the direction of its governing body, the Board. Under Section 28(1)(a) of the Crown Entities Act 2004 and Part 1, section 9 of the Fire and Emergency New Zealand Act 2017, the Minister of Internal Affairs appoints a Board of not fewer than 5, and not more than 6 members.

Board members are appointed for terms not exceeding three years, but may be eligible for reappointment.

Board Responsibilities

The Board meets monthly. The Chief Executive, whose responsibility is the day-to-day operations of Fire and Emergency New Zealand, also attends all Board meetings.

In accordance with Section 156A of the Crown Entities Act 2004, Fire and Emergency New Zealand submits a Statement of Intent for the upcoming three financial years, setting out its overall objectives, intentions and financial and performance targets.

Board Committees

The Board has three committees: the Integration Committee, the Audit and Risk Committee and the Rural Fire Committee.

These committees support the Board by considering relevant issues at a detailed level and report back to the Board. This reporting will generally include the making of recommendations to the Board, except where specific decision-making authority has been delegated to the committee by the Board.

All committees are governed by terms of reference setting out the roles and responsibilities, membership, functions, reporting procedures and the manner in which they operate. The purpose, structure and membership of each committee is reviewed regularly.

Our Chief Executive



Rhys Jones was appointed for a term of three years from 1 July 2017. As the first Chief Executive of Fire and Emergency New Zealand, Rhys is responsible for leading the integration of the organisation's previously separate urban and rural components from 40 separate organisations to full unification by 2020.

Rhys comes from a Defence background, where he rose to Chief of Defence Force (CDF) over a 35-year career. As a former CDF he led a large, complex organisation through a period of change and the 2011 Christchurch earthquake, the largest civil assistance organisation ever conducted by the NZDF. He is an experienced leader with a deep understanding of both career and volunteer forces, and brings a services background to the role.

Rhys is a strong advocate of equity and diversity, and understanding how different groups work together has been a consistent theme throughout his military career, from coordinating the three-service capabilities of the Army, Navy, and Air Force as Commander of Joint Forces for overseas operations in Afghanistan, East Timor and the Solomon Islands to joint training and humanitarian operations in the Pacific.



Board decisions and Ministerial briefings in the first three months

Blueprint 2017-2020

The Board will approve the Blueprint 2017-2020 during October, and will provide a Ministerial briefing to you once approved.

Levy Consultation

The Board will approve the Levy Consultation document in December, and will provide a Ministerial briefing to you for your approval.

During February 2018, you will be asked to recommend the Levy Consultation document to Cabinet for approval.

Operational Review Phase 2 – PwC Report

The draft report on the PwC Operational Review Phase 2 will be provided to your departmental officials in November; and the final report is due with officials in December 2017.

Local Advisory Committees

The Board will consider and approve nominations for Hawkes Bay Local Advisory Committee trial before the end of December 2017.

Financial Sustainability

Funding to support transition activity was successfully secured in 2016/17. The Government agreed to fund up to:

- \$191 million in new funding over four years to, in the main, provide support for volunteers and address gaps in investment between the urban and rural fire sectors.
- Up to \$112 million over four years to allow Fire and Emergency New Zealand to embed all of the requirements of the Fire and Emergency New Zealand Act 2017, creating a single, unified organisation.

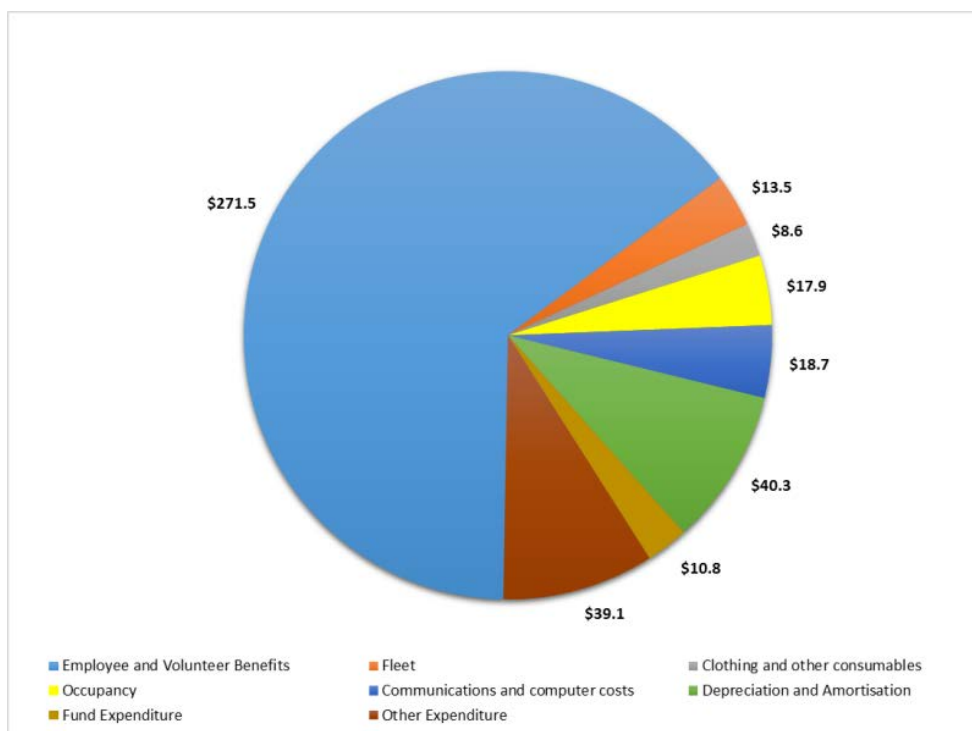
The repayable injection has to be applied for annually and must be approved by the Ministers of Internal Affairs and Finance. Two drawdowns have been provided so far:

- 2016/17 \$25.96 million; and
- 2017/18 \$38.32 million.

Repayment of the injection will commence in the 2017/18 financial year - the funding of which is incorporated in the current rate of levy (10.6 cents). It will be repaid from levy over a period of nine years commencing June 2018 with a payment of \$9 million; \$12 million in June 2019; and \$13 million per annum from June 2020 – June 2026.

Fire Insurance Levy

The levy on insurance is our principal source of funding (97%) supported with a further \$10 million (2%) from the Department of Internal Affairs (for the public good element of the services provided) and approximately \$6 million (1%) of other sundry income. This funding delivers an operating expenditure:



The levy operates under the provisions of the old Fire Service Act 1975 until the levy provisions (part 3) of the Fire and Emergency New Zealand Act come into force on 1 January 2019. The current rate of levy, which came into force on 1 July 2017, was set at 10.6 cents per \$100 for residential (capped at \$100,000 of insured value) and non-residential levy payers (uncapped) and \$6.48 for motor vehicles. This rate stays in force until 31 December 2018. Currently only those who insure and whose insurance covers fire pay the levy. Cabinet sets the rate(s) of levy on the recommendation of the Minister of Internal Affairs.

Prior to proposing to the Minister of Internal Affairs the rate(s) of levy the Board of Fire and Emergency New Zealand must consult with levy payers, policyholders, and any other persons that Fire and Emergency New Zealand considers are likely to be substantially affected, or their representatives, about the proposed regulations; and the activities that Fire and Emergency New Zealand proposes to undertake in the period to which the proposed regulations relate. Fire and Emergency New Zealand is currently writing the consultation document in consultation with departmental officials.

The Act has introduced a number of changes to the levy regime. These changes will come into force on 1 January 2019. The most significant changes are:

- the levy base will be broadened from contracts of fire insurance, to contracts insuring property against physical loss or damage;
- levy will be calculated on the 'amount insured' in an insurance contract, rather than the indemnity value of the property;
- the legislation will provide flexibility to set different levy rates and levy caps for residential and non-residential property; and to create or remove levy exemptions through regulation;

- Fire and Emergency New Zealand's activities, costs, and levy rates will be reviewed at least every three years, following public consultation; and
- an anti-avoidance regime for the levy will be introduced, including procedures for settling disputes over levy and a regime of shortfall penalties.

Levy Consultation

New rates of levy must be in place by 1 January 2019 and Fire and Emergency New Zealand must consult at least every three years (the last consultation was in 2016 for the 1 July 17 rate of levy).

Prior to going to consultation Cabinet, upon recommendation from the Minister of Internal Affairs, must approve the document for consultation. Fire and Emergency New Zealand management and officials from the Department of Internal Affairs are working closely on this document. As the rate of levy expires on 31 December 2018 any hold up in the consultation process could leave Fire and Emergency New Zealand with no ability to levy persons and policy holders.

A high level timetable is as follows:

Levy timetable		
2017	October	<ul style="list-style-type: none"> • First draft of levy consultation document to the Board for review and comment.
	November	<ul style="list-style-type: none"> • Update consultation document from Board's feedback.
	December	<ul style="list-style-type: none"> • Update consultation document with confirmed regulations.
2018	January	<ul style="list-style-type: none"> • Levy consultation document with Officials group.
	February	<ul style="list-style-type: none"> • Consultation document with Minister of Internal Affairs
	March	<ul style="list-style-type: none"> • Consultation document with Cabinet.

Financial Challenges

We still have a number of challenges requiring significant investment, which will need to be levy funded. These challenges include the following:

- integration of rural and urban fire services;
- rebuild of fire stations in Christchurch and the surrounding area (total cost estimated at \$78 million with \$52 million still to be spent);
- completion of the seismic strengthening program for its stations (total cost estimated at \$33.2 million (excluding consequential upgrades such as bringing stations up to code which could be as high as additional \$128 million) with \$21 million still to be spent);
- upgrade of the rural fleet and property assets (condition assessments of assets still to be undertaken to determine level of capital investment required however preliminary estimates over next 4 years on Rural property is \$55 million); and
- provision for future unknown large operational events such as the Kaikoura earthquakes and the Port Hills fires

The year at a glance

As at 30 June 2017

OUR PEOPLE



1,734

CAREER FIREFIGHTERS



8,161

URBAN VOLUNTEERS



3,134

RURAL VOLUNTEERS



672

MANAGEMENT AND SUPPORT
STAFF (PROJECTED FTE)

IN 2015/16



77,464

INCIDENTS
ATTENDED

An increase of 3.5% on 2015/16 (one in every three were false alarms)

THIS INCLUDED:



5,044

STRUCTURE FIRES



11,677

MEDICAL EMERGENCIES



6,215

MOTOR VEHICLE ACCIDENTS



3,823

VEGETATION FIRES



3,279

HAZARDOUS MATERIALS



IN 2015/16



EXPENDITURE

CAPITAL

\$73.8 MILLION

OPERATING

\$498.7 MILLION



ASSET BASE

\$776.4 MILLION



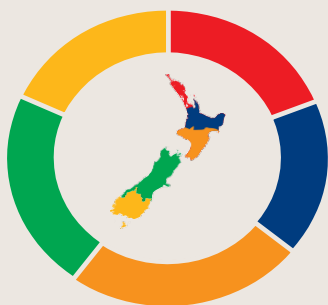
REVENUE

\$417.7 MILLION



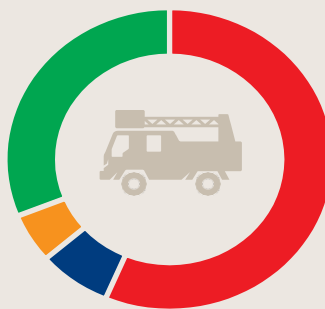
MOST TRUSTED
PUBLIC SECTOR
ORGANISATION¹

OUR NETWORK – FIVE REGIONS

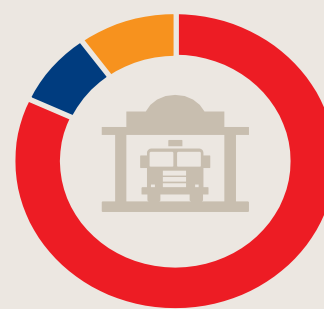


Region 1 19% Region 4 22%
Region 2 17% Region 5 18%
Region 3 24%

FIRE STATIONS BY TYPE



Volunteer Stations 360 Composite² Stations 33
Career Stations 46 Rural fire forces 198



Volunteer 82% Composite² 8%
Career 10%

¹ Colmar Brunton's 2015/16 Public Sector Reputation Rankings.

² Volunteer and career.

