

New Fire Legislation

A framework for New Zealand's fire and rescue services and their funding

A proposal for stakeholders

Published in April 2007 by the
Department of Internal Affairs
PO Box 805
Wellington
ISBN 978-0-478-09296-7

FireLegislationReview@dia.govt.nz
<http://www.dia.govt.nz>

Contents

Foreword	3
1 Introduction	5
Part A: A proposed framework for New Zealand's fire and rescue services	7
2 The proposal	9
3 The New Zealand Fire and Rescue Service	15
4 Fire Authorities	21
5 Self-providers of fire risk management	27
6 Regional fire risk planning	29
7 Impacts on paid staff and volunteers	31
8 Fire risk reduction	37
9 The transition to a new system	43
Part B: Funding	45
10 The proposed new funding system	47
11 The coverage and costs of the funding system	55
Part C: Submissions	59
12 How to make a submission	61
Appendix A: The current funding system	63
Appendix B: Projects contacts and information	67
Appendix C: Glossary	69

Foreword



In July 2006 I invited representatives from the key fire stakeholder groups to a 2-day workshop to consider the way forward in our review of fire legislation. At that meeting there was a large amount of agreement on the issues we need to address and on the features of our existing system that we need to protect. This document builds on that common ground and offers a proposal for the future.

What was agreed at the workshop was that our fire and rescue services are based predominantly on community volunteers. Communities provide our volunteers and support our efforts to ensure effective fire and rescue services. My proposal would build upon these community links and improve the training and financial support for all volunteers, whether they be urban or rural.

We also agreed at the workshop that there is a need for a national organisation to define national training and operating standards, and to provide key central services. The organisation should have sufficient resources to offer strong support and encouragement for all volunteers. It needs to ensure that all New Zealanders have access to high quality and effective services. To meet these needs I have proposed a new national Fire and Rescue Service.

The new Fire and Rescue Service would be based on “local delivery-central support”—local brigades, with strong community links, and statutory officers throughout the country. The powers available to these officers would allow them to act at the local level. It is an idea that fits well with our approach to civil defence, and one that helps ensure local communities remain engaged in their own protection.

I have also proposed a requirement for regional fire plans that would give local communities a direct input into the planning of their services. This would strengthen the planning linkages to Civil Defence Emergency Management.

Many Fire Authorities around the country are committed to vegetation fire management and wish to retain these responsibilities. These Fire Authorities would be able to continue in this role. Others may choose to relinquish these responsibilities. I have, therefore, offered a way to build on the best features of our existing services, and yet facilitate their progressive evolution. This is because I believe that in the long term the objective should be a fully integrated national service. However, if you consider there are other options for the management of vegetation fire risk, I invite your comments on these.

Funding is a key part of the proposal. I am offering for your comment a funding system that allows the national service to be funded from a fair and sustainable base. No funding system can resolve all of the identified inequities, but I believe that this proposal should be fairer overall.

This document is focused on the framework and key organisational features for the way ahead. For that reason it is succinct. It will be your ideas that will help shape the details in the final legislation. I take this opportunity to encourage you to make your views about the proposal known.

A handwritten signature in black ink that reads "Rick Barker". The signature is written in a cursive style and is underlined.

Hon Rick Barker
Minister of Internal Affairs

1 Introduction

- 1.1 Throughout New Zealand local communities provide the volunteer brigades and voluntary fire forces that are the building blocks of our fire and rescue services. Equally important is our unique blend of paid and volunteer fire and rescue workers. Any new set of arrangements must acknowledge these features, while ensuring that New Zealanders will be able to receive first-rate services for the decades to come.
- 1.2 This document offers a proposal to realise that vision. The proposal would bring significant benefits in the short term, through:
 - a comprehensive fire management system
 - a clear mandate for rescue functions
 - legal protection for fire and rescue workers
 - the establishment of minimum national standards
 - more equitable funding arrangements.
- 1.3 In the medium to long term, the objective is to achieve the better integration and coordination of fire services, both urban and rural, and public and private providers. The strength of the proposal is that it recognises this could evolve over time.
- 1.4 The proposal to restructure our fire and rescue services recognises the importance of the community base and seeks to strengthen it. A clear emphasis would be given to creating working partnerships between communities and the services that help to protect them.
- 1.5 At the heart of the system would be a strong national service with overall responsibility for the delivery of fire services throughout New Zealand, and that would provide an important first-response to many rescues. It would undertake the leadership and coordination of other fire service providers. This national service would build on and increasingly utilise strong links with Civil Defence Emergency Management. It would, as it strengthens its own capability, need to set the benchmarks for performance excellence. It would support the training and development of all volunteers, as well as its paid staff.
- 1.6 Responsibility for the management of vegetation fire would evolve to meet the needs of local communities and the country as a whole. Fire Authorities that want and are able to continue with their present functions could do so. However, a Fire Authority would be able to pass its responsibilities to the national service. In the long run, this could result in a transition to a largely or fully unified system.

The focus of this document

- 1.7 This document presents two key items for you to consider:
 - a proposal for a new framework for fire and rescue services
 - a funding system to pay for a large proportion of these services.
- 1.8 The proposal is to repeal existing fire legislation. A new Act would establish the new Fire and Rescue Service. Existing Fire Authorities would continue with responsibilities for vegetation fire risk management, unless they wished to end this involvement.

- 1.9 The project's terms of reference specify a funding system based on property. Many options have been considered over the years and all have weaknesses. The option proposed in this document, which is a modified version of the existing insurance-based scheme, best meets the requirements for a more equitable funding system.

How to make a submission

- 1.10 We invite your comments on the proposal outlined in this document. Please make sure your comments reach us by **30 June 2007**. If you would like to talk to departmental officials before making your submission, please contact the review team (see Appendix B for contact details).

- 1.11 Please email your comments to FireLegislationReview@dia.govt.nz or post them to:

Fire Legislation Submissions
 Fire Policy Team
 Department of Internal Affairs
 PO Box 805
 Wellington

Future steps

- 1.12 Once your comments have been considered, we will prepare recommendations for Ministers' consideration before a Bill is drafted. When a Bill is introduced into Parliament, a select committee will call for public submissions. Our project web pages (www.dia.govt.nz) will keep you informed of the timetable.

Figure 1.1: Summary of the project to date

2004	<p>Following agreement by a group of Ministers that the Department of Internal Affairs should develop comprehensive new fire and rescue legislation, the department commenced work on the review. The brief was to replace the Fire Service Act 1975 and the Forest and Rural Fires Act 1977. This would ensure that:</p> <ul style="list-style-type: none"> • firefighters had a mandate to carry out the work they currently perform • a property-based system would be used to fund fire and rescue services. <p>During the year meetings were held with key stakeholders to explain the reasons for the project, its scope, and the process and timetable by which it would occur.</p> <p>The Minister of Internal Affairs released a public discussion document in December called <i>New Fire Legislation: The functions and structure of New Zealand's fire and rescue services</i>.</p>
2005	<p>The document attracted 127 submissions by the end of the submission period on 31 March. The department analysed the submissions and produced a summary report of the analysis. The submissions indicated wide support for change and support for some measure of increased integration of urban and rural services.¹</p> <p>The project was on hold during the election period.</p>
2006	<p>The process for the review changed, when the Minister of Internal Affairs invited key stakeholders to a workshop in July to achieve consensus on a way forward for the organisation of our fire and rescue services. Following extensive consultation with the sector, this resulted in a decision to put forward a new proposal for consideration.</p>

¹ See the department's website (www.dia.govt.nz) for a full analysis of the submissions and copies of each submission.

Part A: A framework for New Zealand's fire and rescue services

2 The proposal

A new fire and rescue services framework

- 2.1 A new Fire and Rescue Act would establish a framework to ensure that:
- there is a comprehensive fire risk management system in New Zealand
 - New Zealanders receive consistent and acceptable standards of service from fire response agencies
 - fire response providers everywhere are able to integrate and coordinate their operations
 - there is an effective first-response organisation that is able to assist with non-fire emergencies
 - there is an equitable funding source for services.
- 2.2 Communities and their current brigades and rural fire forces would continue to make important contributions to our fire and rescue services. The existing blend of paid and volunteer workers would also continue to be an important feature.
- 2.3 Fire risk management under this proposed framework is discussed in terms of the 'four Rs', which are reduction, readiness, response and recovery (see Figure 2.1).

Figure 2.1: The "four Rs" of risk management

Reduction	Identifying and analysing risks to human life and property from natural or man-made hazards; taking steps to eliminate these risks where practicable, and where not, reducing the likelihood and the magnitude of their impact.
Readiness	Developing operational systems and capabilities before an emergency happens.
Response	Actions taken immediately before, during or directly after an emergency, to save lives and property, as well as help communities to recover.
Recovery	Activities beginning after initial impact has been stabilised and extending until the community's capacity for self-help has been restored.

Other emergency and rescue services not affected

- 2.4 The new Act would not cover all non-fire or rescue services. It would only cover the activities of organisations established under the Act. Other organisations that respond to emergencies, such as ambulance and police, would continue to do their work unaffected by the new legislation.

What would be the purpose of the new Fire and Rescue Act?

- 2.5 To provide an effective legislative framework, the new Fire and Rescue Act would need to fulfil a number of goals. In particular it would need to:
- recognise the very high value placed on protection from the social, economic, and environmental impacts of fire, and as a result of this, the public expectation for effective responses to fire
 - reflect that risks are best understood by engagement with local communities and interest groups, and that local communities are often the best providers of a response to fire and other emergencies
 - provide guidance to persons and organisations carrying out functions under the legislation, without being prescriptive
 - be durable enough to provide long-term assurance, but flexible enough to remain appropriate through future change.
- 2.6 For clarity, modern legislation often contains succinct purpose statements that assist with its interpretation. The Fire and Rescue Act could include purpose statements that would identify the essential objectives that the legislation was put in place to achieve.
- 2.7 The following purpose statements identify these objectives—the introduction to the Act could state that the Act was passed in order to:
- provide a comprehensive system for managing fire risk throughout New Zealand—covering reduction, readiness, response and some aspects of recovery
 - provide an effective response service to non-fire incidents, in cooperation with other emergency services
 - ensure that New Zealand's fire services are provided to an acceptable standard
 - facilitate closer integration of services throughout urban and rural areas
 - promote fire safety nationwide and encourage everyone to take responsibility for minimising the incidence and consequence of fire
 - establish a national fire and rescue service with lead responsibility for carrying out the purposes of the Act, working together with communities and with other organisations or agencies that provided fire and rescue services
 - provide for the funding of the national fire and rescue service established under the Act.

An overview of the framework and its key players

The Fire and Rescue Service

- 2.8 The Act would create a new service, the Fire and Rescue Service (FRS), which would replace the existing New Zealand Fire Service Commission and National Rural Fire Authority. The FRS would be a national organisation that would have the central role in fire risk management across the country. It would be pivotal because it would have responsibility for overseeing all aspects of fire risk management, including developing standards and promoting fire safety throughout New Zealand.

- 2.9 The FRS would also be a national provider of response services, attending structural fires and other kinds of emergencies in all parts of New Zealand, with the exception of fires that occurred in areas managed by approved “self-providers” and, for the most part, areas that are the responsibility of the Ministers of Conservation and Defence. It would also be responsible for both preventing and responding to vegetation fire in areas not managed by Fire Authorities.
- 2.10 It would have an obligation to facilitate and encourage productive relationships and interaction between all providers of fire services. It would coordinate and support all those involved in vegetation fire management, taking a national perspective.
- 2.11 See Chapter 3 for more details about the responsibilities and operations of the FRS.

Fire Authorities

- 2.12 The Fire and Rescue Act would generally carry over the role of Fire Authorities from the Forest and Rural Fires Act 1977 (FRFA). Fire Authorities would be responsible for preventing and responding to vegetation fires in their area. This would be their only responsibility, with other activities relating to fire and rescue carried out by the FRS. Fire Authorities would be subject to the sector’s standards and performance measures.
- 2.13 Thus, the main change for Fire Authorities would be that their jurisdiction would be limited to vegetation fire, with the new FRS responsible for all other fires in Fire Authority areas. This would align accountability under the new legislation more closely with the current operational reality that urban fire services respond first to approximately 90% of non-vegetation fire in Fire Authority districts.
- 2.14 Cooperative arrangements between Fire Authorities and the FRS would continue. These would be based on the needs of each area, as those between urban and rural fire services are now.
- 2.15 Under the new framework a Fire Authority would have the option to withdraw from vegetation fire risk management. If it did so, it would transfer its responsibilities to the FRS. The decision to withdraw could be made at any time after the new Act came into force (although the actual transfer would be subject to practical timetabling arrangements). When the transfer had been completed, the Fire Authority would not be able to be reinstated, as that would be incompatible with the long-term objective of a gradual transition to a fully integrated national service.
- 2.16 A different approach could allow the re-establishment of a Fire Authority if a special case could be made to the responsible Minister, showing that this reinstatement would result in demonstrably better vegetation fire management than was available from the FRS. Your views on the merits of this alternative option would be welcomed.
- 2.17 See Chapter 4 for more details about the role of Fire Authorities.

Department of Conservation

- 2.18 The Department of Conservation is currently responsible for managing the fire risk in national parks, conservation areas, and reserves, which comprises about 30 percent of New Zealand’s land area. It also manages a one-kilometre fire safety margin around most of these areas.
- 2.19 Under the proposal, the Minister of Conservation (and the Department) would continue to have the statutory mandate and associated powers to manage all fire risk reduction, readiness, response and recovery for both vegetation and non-vegetation fire on all designated Department of Conservation land. This would include the management of

permits to light fires. Cooperative relationships with others, including the FRS, Fire Authorities and forestry owners, would continue to be very important. In particular, ensuring there would be satisfactory fire control arrangements with the FRS for responding to structural fires in a range of buildings on conservation land is a key issue for the Department.

- 2.20 The Department of Conservation could still participate in rural fire committees (Fire Authorities that have multiple membership) in order to manage vegetation fire on a collective basis.
- 2.21 In effect there would be few differences between the Department of Conservation's current fire management responsibilities and those that are proposed.

The New Zealand Defence Force

- 2.22 The Minister of Defence currently has considerable firefighting responsibilities and powers under existing fire legislation, and maintains firefighting capability for defence areas scattered throughout the country (predominantly in more rural locations).
- 2.23 There would be little change proposed for the New Zealand Defence Force. The Minister of Defence would be able to nominate any areas of New Zealand Defence Force land by way of a statutory process set out in the new Fire and Rescue Act. The Minister of Defence (and New Zealand Defence Force) would have the statutory mandate and associated powers in these nominated areas to manage all fire risk reduction, readiness, response and recovery for both vegetation and non-vegetation fire.
- 2.24 Any other areas of Defence land that were not nominated in this way would be the responsibility of the FRS, and if applicable, a Fire Authority for vegetation fire. As with the Department of Conservation, cooperative relationships with other service providers would continue to be very important.

"Self-providers" of fire risk management

- 2.25 Some organisations operate in special environments that mean that the fire risk present on their properties is greater than usual or unique. These organisations would, on meeting specified conditions, be able to look after their own area for fire, instead of relying on the FRS or a Fire Authority.
- 2.26 See Chapter 5 for more detail about how these organisations would be able to operate under the Fire and Rescue Act.

An opportunity for boundary adjustments

- 2.27 Before moving into the new framework, a review of existing boundaries would be beneficial.
- 2.28 The statutory definition of land areas for which the Department of Conservation is ordinarily responsible would be reviewed, as would the definition of "fire safety margin". In addition, there would continue to be power to specify that particular parcels of land are included in or excluded from the Department's responsibilities. This would enable the Department to reappraise the areas of land for which it is appropriate to retain responsibility for fire risk management.
- 2.29 Some adjustments might also occur as a result of the New Zealand Defence Force reviewing its designation of defence areas for fire management purposes. There would also be an opportunity to consider whether the boundaries of some Fire Authorities should be updated.

Where would the community fit in the new framework?

- 2.30 Communities would continue to play a fundamental part in New Zealand's fire and rescue services under the proposed new framework.
- 2.31 Fire in the New Zealand hazardscape is, for the most part, a local level hazard. The organisational proposals set out in this document reflect the principle that local hazards are best managed at the local level. This principle is clearly evident in the proposed arrangements for Fire Authorities.
- 2.32 While the FRS would be a nation-wide organisation, all of its operational resources would be deployed at the local level in brigades, which would be centred on communities or other concentrations of fire risk. Functions undertaken at the national level would largely be confined to areas such as strategic direction, operational policy, standards, procurement, and specialised training.
- 2.33 To emphasise this community-based approach, one option could be to stipulate in agreements for service between the FRS and its brigades that each brigade:
- consulted annually with the local community as a part of its business planning process
 - reflected the results of that consultation in its business plan.
- 2.34 In this way, the local FRS brigade would be the means by which local communities secured their own protection, to agreed national standards, while ensuring a substantial degree of local input into the management of local risks.
- 2.35 In order to underpin the principle of local input into risk management, the proposal provides for statutory officers to be appointed by Fire Authorities and the FRS at the local level. These officers would have the powers necessary to manage the risks for which they were responsible—vegetation fire in the case of Fire Authority officers, and a wide range of fire and non-fire incidents in the case of FRS officers. Local communities would look to these officers as a principal point of contact.

Why would minimum national standards be established in the new Fire and Rescue Act?

- 2.36 The Fire and Rescue Act would stipulate that minimum national standards for fire and rescue services had to be put in place. This would ensure that the overall quality of services provided across the country was satisfactory.
- 2.37 However, despite the establishment of standards, the capacity of services would likely be different in different areas of the country. This would be because of varying local demands, and the corresponding efforts of local people to meet the needs of their community.
- 2.38 Emergency services such as fire, ambulance and police constantly balance the demands of need against limited resources. Organisations responsible under the new Fire and Rescue Act would face the same challenges.

Funding sources and funding recipients under the Act

- 2.39 It is proposed that the new Act would set up a new insurance levy to fund the FRS. The new levy would overcome many of the current deficiencies with the existing insurance levy, by removing specific anomalies and increasing the number of people contributing to the costs of the services.

2.40 Fire Authorities that remained in operation would continue to use their own resources to fund the management of vegetation fire risk reduction, readiness, response and recovery. They would, however, receive contributions and support from the national fund in a number of significant ways.

- Grants would be made to Fire Authorities to reimburse them for the training of their volunteers.
- A fund, similar to the existing Rural Fire Fighting Fund, would be used to pay the costs incurred by Fire Authorities in fighting large fires.
- Subsidies on equipment would continue to be available from central funding sources.
- The FRS would provide central assistance and coordination, covering many aspects of vegetation fire management such as fire weather monitoring and information.

2.41 See Part B of this document for more information on the proposal for funding under the Fire and Rescue Act.

What would be the benefits of the proposed reforms?

2.42 In summary, the main benefits of the proposal would be:

- a stronger national fire and rescue organisation to lead and coordinate fire services across the whole country
- a special place for the management of vegetation fire risk, which is able to be undertaken either by existing Fire Authorities or the national organisation
- a clear mandate for rescue services and legal protection for fire and rescue workers
- minimum national standards that must be met by all providers
- more support for volunteers, in particular for the establishment and training of volunteer FRS and Fire Authority brigades
- flow on benefits to Civil Defence Emergency Management from these improvements
- a more equitable system for funding fire and rescue services.

3 The New Zealand Fire and Rescue Service

The Fire and Rescue Service

- 3.1 The FRS would be a new, national organisation, and would have the pivotal role in the fire and rescue framework established under the Fire and Rescue Act. It would replace the New Zealand Fire Service Commission and National Rural Fire Authority that are established under the Fire Service Act 1975.
- 3.2 The FRS would have overall responsibility for ensuring that the objectives of the legislation were met—that fire risk was being managed everywhere, minimum standards were being met, operational integration was occurring, and there was a response for non-fire incidents where needed. It would be the key delivery agency for first-response to many emergencies nationwide.
- 3.3 The FRS would focus on helping build resilient communities by encouraging and supporting volunteers, through training and other initiatives.
- 3.4 The FRS would provide leadership and coordinate fire response providers and other fire managers. It would help facilitate relationship networks between these groups.

What would be the key functions of the FRS?

- 3.5 Under the new Act the key functions of the FRS for *fire* would be to:
 - be the national organisation with responsibility for leadership and oversight of the fire service sector
 - manage fire risk and the emergency response to fire throughout New Zealand, except for areas where other organisations were responsible (see paragraphs 3.9-3.10)
 - lead the development of regional fire risk plans
 - coordinate vegetation fire risk reduction, including operating a national fire weather index and fire hazard prediction system
 - oversee vegetation fire response operations when national or regional safety considerations arise
 - support the safe use of fire where it is used as a land management tool
 - promote fire safety in New Zealand, including educating the public
 - approve evacuation schemes for buildings and give advice on fire safety aspects of the building design process
 - carry out and promote research, to reduce the incidence and consequences of fire
 - develop minimum national standards, in consultation with other providers recognised in the Act, for:
 - training fire and rescue workers
 - fire and emergency equipment

- response to fires
 - enter into agreements for service with volunteer brigades for any of its fire and rescue functions
 - advise the Minister on proposed Fire Authority boundary or rural fire committee membership changes (see Chapter 4)
 - assess applications from organisations to provide their own fire risk management in specific areas, and approve or decline the application.
- 3.6 The key functions of the FRS for **non-fire rescue** would be to:
- prepare for and respond to hazardous substance emergencies, motor vehicle accidents, and floods and storms
 - respond to any other non-fire incidents on a discretionary basis
 - set minimum national standards for FRS rescue workers and rescue equipment. This might include setting response times for hazardous substance emergencies, motor vehicle accidents, and floods and storms.
- 3.7 The FRS would have all the necessary operational powers to fulfil these functions.
- 3.8 Fire and rescue workers would be trained in the appropriate skills for the many kinds of incidents that they would need to attend. These might include fires in multi-storied buildings, domestic dwellings, forestry and areas of vegetation, and high angle rescues and motor vehicle extrication.

Figure 3.1: Summary of the role of the FRS according to the four Rs

<i>The 4 Rs</i>	Fire	Non-fire/Rescue
Reduction	Wide statutory responsibility including: <ul style="list-style-type: none"> • promoting fire safety • carrying out education and research • managing fire seasons and permits.* 	N/A
Readiness	Statutory responsibility for capability and plans for attendance at all fire incidents.*	Statutory responsibility for capability and plans for attendance at: <ul style="list-style-type: none"> • hazardous substance incidents • motor vehicle accidents • floods and storms.
Response	Statutory responsibility to attend all incidents.*	Statutory responsibility to attend: <ul style="list-style-type: none"> • hazardous substance incidents • motor vehicle accidents • floods and storms. Statutory authority to attend other incidents (as required and able).
Recovery	Limited statutory responsibility including: <ul style="list-style-type: none"> • post-fire investigation* • collecting statistics.* 	N/A

* except where another organisation had statutory responsibility, for example, a Fire Authority for vegetation fire.

Responsibility for fire risk management

- 3.9 The FRS would be the lead national organisation for fire risk management. As outlined in Chapter 2, there would also be other fire service providers in the new fire and rescue framework. According to the four Rs of risk management, therefore, the functions of the FRS as a fire service provider would be as follows.
- For **non-vegetation** fire, the FRS would manage reduction, readiness, response, and some aspects of recovery throughout New Zealand, except for readiness and response in an area where the Ministers of Conservation or Defence, or a self-provider, were responsible.
 - For **vegetation** fire, the FRS would manage reduction, readiness, response, and some aspects of recovery in any parts of New Zealand not covered by a Fire Authority, the Ministers of Conservation or Defence, or a self-provider.
- 3.10 Some of these functions would not be the sole responsibility of the FRS. This is because components of fire risk management are spread across different sectors. Consequently a number of organisations will contribute. Examples include:
- building legislation developed by the Department of Building and Housing significantly reduces the risks of structural fires
 - central or local government agencies may contribute to recovery after a fire has occurred.
- 3.11 See Chapter 8 for a discussion of fire risk reduction under the proposed new framework.

Responding to other emergencies

- 3.12 The functions of the FRS would include response to non-fire incidents. There are different types of incidents that need to be distinguished within this function.
- 3.13 Hazardous substance incidents, motor vehicle accidents, and floods and storms would be key FRS responsibilities and would have equal priority with fire response in the new organisation. This reflects the current situation, as the NZFS is often the first-responder to these incidents.
- 3.14 There is also a wide range of other non-fire emergencies that can occur where swift assistance is needed. Examples are medical emergencies, situations where people or animals are trapped, or where there are threats to wider public safety.
- 3.15 The mandate of the FRS, therefore, would need to be broad enough to give the FRS the legal authority to respond to these incidents as well as any unforeseen ones that might arise. This authority would also mean that fire and rescue workers had corresponding legal protections when attending these incidents. For these reasons, it would not be desirable to define the exact scope of 'rescue' incidents that the FRS could respond to.
- 3.16 In summary, the FRS would be the community's response organisation for a wide range of incidents, alongside police, ambulance services and other organisations. Currently these services act cooperatively according to well-established protocols. It is expected that this cooperation would continue.
- 3.17 Clear legislative recognition of the non-fire response role would mean that the FRS could:
- purchase equipment suitable for its tasks
 - train fire and rescue workers appropriately for these tasks

- set minimum national standards for non-fire incidents that it attends.
- 3.18 A changing profile of incidents could mean that the FRS would develop new skill requirements for staff. The new legislation would ensure that FRS staff would still be fully covered by legal protections.
- 3.19 At some future time the Government might request new services from the FRS, particularly where its skills and capacity were well suited to the new tasks. The proposed legislation would be sufficiently flexible to accommodate such requests. In these cases the FRS could seek government funding for any extra equipment and training it needed to carry out the tasks.

Who would govern and run the FRS?

- 3.20 The FRS would be a Crown entity (Crown agent category), as defined in the Crown Entities Act 2004. The Minister of Internal Affairs (the Minister) would be the responsible Minister for the FRS and would appoint a Board, including a chairperson. Collectively, members of the Board would have the appropriate skill sets necessary to run the FRS, considering its functions. The Board would be responsible for the strategic direction of the FRS, and would be responsible to the Minister for the performance of the FRS.
- 3.21 The Board would appoint a Chief Executive to manage the FRS, who would be responsible to the Board.
- 3.22 While set up under its own Act, the FRS would also be subject to the provisions of the Crown Entities Act 2004. Part of this Act's purpose is to provide a consistent framework for the governance and operation of Crown entities. The Act sets out reporting and accountability requirements. It contains common provisions for all Crown entities (for example, requirements for financial reporting).
- 3.23 A Crown entity's statement of intent provides a base against which the entity's actual performance can be assessed. For example, the FRS would need to show how it intends to perform its functions under the Fire and Rescue Act through its annual statement of intent, and would subsequently have its performance measured against that statement.

Regional organisation and delivery

- 3.24 As with all national organisations it would be necessary for the FRS to provide some intermediate layers of management. Regional management would provide operational and logistical support to all FRS brigades and statutory officers within the region. Importantly, it would also facilitate effective engagement with the civil defence emergency management group structures (see paragraphs 3.37-3.39).
- 3.25 The Fire and Rescue Act would allow a regional structure to be put in place, but without making any particular structure a permanent fixture in the legislation. The FRS would need to have the flexibility to determine the regional arrangements for managing and delivering services that are the most appropriate at any particular time. This would allow a responsive approach to regional needs, and would maximise operational effectiveness.
- 3.26 The regional structure set up by the FRS would take into account the nature and extent of contributions by other providers in different parts of the country. Other factors such as fire risk, population, geography and regional resources would be relevant to the decisions about what form that the regional structure should take.
- 3.27 These organisational arrangements would be supported by the appointment throughout the country of Chief Fire Rescue Officers (see Chapter 7).

- 3.28 The FRS would have the central role in the national and regional co-ordination of all fire service providers. See Chapter 6 for more details about the proposed regional planning process.

How would minimum national standards be set and measured?

- 3.29 One of the functions of the FRS would be to develop minimum national standards, in consultation with other statutorily established providers, for training, equipment and overall performance in relation to fire. These standards would apply to the FRS itself, and also to other providers, including:
- Fire Authorities
 - the Department of Conservation
 - the New Zealand Defence Force
 - self-providers.
- 3.30 The FRS would also develop standards for aspects of non-fire readiness and response, which would only apply to the FRS.
- 3.31 The FRS would have a dual role because it would develop the standards for fire that would apply to service providers, but would also be a service provider itself, and would need to meet the standards just like the others. This situation could give the perception of a conflict of interest, and might therefore require that the FRS, and every other provider, be independently audited for compliance with standards. Establishing a semi-autonomous office within the FRS to carry out standard setting and auditing could also be considered.
- 3.32 A consistent failure of a Fire Authority or self-provider to meet standards could mean that remedial action would be needed. Ultimately, a serious or sustained failure to maintain standards could mean that the Minister removed an organisation's responsibilities for fire altogether.
- 3.33 The FRS, the Department of Conservation and the New Zealand Defence Force would be held accountable through the normal Crown entity or departmental performance management processes.

What role would the FRS have within Civil Defence Emergency Management?

- 3.34 The Civil Defence Emergency Management Act 2002 set up Civil Defence Emergency Management (CDEM) Groups, which comprise local authorities working in partnership with emergency services, major utilities, and others. The groups must identify hazards in their area and develop hazard management plans. Each group must establish a Co-ordinating Executive Group (CEG), comprising Chief Executive Officers or senior managers of the CDEM Group's members.
- 3.35 The NZFS currently contributes to CDEM planning at the regional level through the CEGs, which must include a senior member of the NZFS, who is appointed by the National Commander.
- 3.36 The NZFS also provides operational support for CDEM. As the NZFS is often the first-responder in many kinds of incidents, it often has initial involvement in various incidents that subsequently escalate into CDEM-related activity. This involvement can develop into more extensive participation where appropriate, depending on the nature of the

emergency. The NZFS is recognised as a key emergency service with a specified role under the CDEM National Plan, which came into force on 1 July 2006.

- 3.37 The FRS would replace the NZFS and the above arrangements would continue. It would assist with CDEM preparedness in each region and be linked to the wider emergency community. The new legislation would provide for the Chief Executive of the FRS to appoint a senior member of the FRS to each of the CEGs.
- 3.38 The proposed reforms would have flow on benefits for CDEM. A strong, effective and well-running national fire and rescue service would be a significant asset to achieving the goals set out under the CDEM legislation. Such a service would have greater appreciation of emergency response systems as a whole, and its knowledge and expertise would be fed back into the CDEM structure.
- 3.39 The FRS would therefore play a critical part in CDEM responses, and this would be expressly recognised in the new Fire and Rescue Act. Operationally, the new organisation would be expected to equip itself to deal with a wide range of civil defence emergencies and, where possible, may assist CDEM efforts by making fire station facilities available to the public.
- 3.40 See Chapter 4 for discussion about Fire Authorities' involvement in CDEM.

4 Fire Authorities

What would be a “Fire Authority” under the new legislation?

- 4.1 Most Fire Authorities under the existing Forest and Rural Fires Act 1977 (FRFA) would generally be treated as Fire Authorities under the new Fire and Rescue Act. These would include:
- territorial authorities, which would have responsibilities according to their territorial boundaries
 - existing rural fire committees, which would have responsibilities generally in line with their current boundaries.
- 4.2 The Minister of Conservation and the Minister of Defence would not be treated as Fire Authorities under the new legislation. Their mandate for fire management of designated Conservation and Defence land would be recognised separately in the legislation, as outlined in Chapter 2. This would not prevent the Department of Conservation continuing as a member of some rural fire committees, for its vegetation fire responsibilities.

A special place for Fire Authorities

- 4.3 By carrying over existing Fire Authorities, the proposal recognises that it would be essential to retain the experienced, highly skilled people of our rural fire sector in the new framework. With a view to the long term, however, the proposal is to provide a statutory mechanism that would allow each Fire Authority to cease operating as a Fire Authority under the Fire and Rescue Act.
- 4.4 Some Fire Authorities might consider that they should continue with vegetation fire risk management under the new legislation. Notification of this decision would not be needed—they would remain responsible as long they wished to, provided they maintained standards.
- 4.5 A Fire Authority that decided to withdraw from the provision of vegetation fire services would be able to transfer its responsibilities over to the FRS. For some, handing over these responsibilities to the FRS might be an advantage. They might consider that a single national organisation would be better placed to manage fire risk in their areas. They might also view the subsequent new funding arrangements as more efficient.
- 4.6 Some Fire Authorities might doubt the benefits of moving vegetation fire management to a national organisation. Because of the importance of fire risk management to their communities, these authorities might want to assess the capability of the FRS under the new system, before contemplating giving up their responsibilities.
- 4.7 For vegetation fire risk management, a gradual progression from Fire Authority responsibility to FRS responsibility would:
- ensure that the existing skilled staff are retained in the system
 - help to address any concerns about FRS capability at the outset
 - permit but not enforce change, allowing arrangements in the sector to evolve over time.

What would be the key functions of Fire Authorities?

- 4.8 Under the new Act the key functions of Fire Authorities within their territory would be to:
- manage risk reduction, readiness, response and some aspects of recovery for *vegetation* fires
 - enter into agreements for service with volunteer “brigades” for any of their fire functions (see Chapter 7).
- 4.9 Fire Authorities under the new framework would, therefore, have similar obligations to those of existing Fire Authorities under the FRFA. The existing valuable, cooperative relationships between those in the rural fire sector would continue.
- 4.10 Fire Authorities would have all the necessary operational powers to perform their functions.
- 4.11 The legislation would make it clear that Fire Authorities were only responsible for vegetation fire. They would not be responsible for structural fires, or non-fire, rescue emergency incidents, which would be the responsibility of the FRS. However, practical arrangements for cooperation would continue.
- 4.12 One FRS function would be to oversee vegetation fire response operations when national or regional safety considerations arise. This would be on a similar basis to the existing ability of the National Rural Fire Officer, who can take charge of an area when extreme conditions have resulted in a regional fire emergency. Therefore, the strict accountability of Fire Authorities for vegetation fires would be modified under well-defined circumstances.

Figure 4.1: Summary of the role of Fire Authorities according to the four Rs

<i>The 4 Rs</i>	Fire	Non-fire/Rescue
Reduction	Wide statutory responsibility for vegetation fire including: <ul style="list-style-type: none"> • removal of fire hazards • managing fire seasons and permits. 	N/A
Readiness	Statutory responsibility for capability and plans for attendance at all vegetation fire incidents their areas.*	N/A
Response	Statutory responsibility to attend all vegetation fire incidents in their areas.*	N/A
Recovery	Limited statutory responsibility including: <ul style="list-style-type: none"> • post-fire investigation of vegetation fires • collecting statistics. 	N/A

* See paragraph 4.12 for the role of the FRS in regional fire emergencies.

What about first-response to vegetation fires?

- 4.13 Currently the NZFS responds first to many vegetation fires in Fire Authority areas, on the basis of a “first hour free” arrangement.
- 4.14 Fire Authorities could negotiate protocols for first-response services from the FRS. The FRS could initially turn out to vegetation fires, however, to provide greater transparency in funding and accountability in the new framework, it would have the ability to charge the local Fire Authority for this service.

Transfers of Fire Authority functions to the FRS

- 4.15 As already noted, some Fire Authorities might not want to continue to be responsible for the four Rs of vegetation fire. An Authority would be able to transfer these responsibilities to the FRS, and the Fire Authority's functions would then become those of the FRS.
- 4.16 A Fire Authority could decide to transfer its functions at any time. However, there would need to be an orderly process for this to occur. First, the Fire Authority would notify the FRS that it wished to surrender its responsibilities. A transitional period would allow the necessary legal arrangements to be made for the transfer. These might need to cover:
- the timing of the transfer, for example, if there were a number of Fire Authorities wishing to undergo transfers at the same time
 - the valuation and transfer of assets, liabilities and legal obligations
 - the status and possible continuance of arrangements between the Fire Authority and the Department of Conservation and the New Zealand Defence Force
 - the legal status of things done by the Fire Authority, for example, the declaration of a fire season, or the issue of permits to light fires
 - the status of agreements between the Fire Authority and voluntary fire forces
 - the status of persons employed by the Fire Authority in relation to its fire management responsibilities.
- 4.17 Clearly, there would need to be discussions with employees and voluntary fire forces that supported the Fire Authority, about their future involvement in fire management.
- 4.18 After these matters and any others had been resolved, the FRS would take over the functions of the Fire Authority and the Fire Authority would cease to exist.
- 4.19 More work would be required on the detail of these arrangements when the main features of the new framework for fire and rescue services, including the status of Fire Authorities, are settled.

Changes to Fire Authorities

- 4.20 The proposal does not allow for the reinstatement of a Fire Authority after it has passed its responsibilities to the FRS. Nor does it envisage the creation of new Fire Authorities, or allow Fire Authorities to amalgamate or expand their membership. Such features would be generally incompatible with the long-term objective of a gradual transition to a fully integrated system.
- 4.21 However, as indicated in Chapter 2, another approach would be to allow the re-establishment of a Fire Authority if the responsible Minister was satisfied that the new Authority would offer demonstrably better vegetation fire management than that being provided by the FRS. You may wish to comment on the merits of this alternative option.
- 4.22 After the new legislation took effect, a number of other changes might occur that would affect the boundaries, and therefore the jurisdiction, of Fire Authorities that continued in existence. These would mainly relate to rural fire districts, for which the rural fire committee is the Fire Authority.

What would happen to Rural Fire Districts?

- 4.23 Rural fire districts would be re-established under the new Act. A rural fire committee is the Fire Authority for the area of a declared rural fire district, and members of an existing rural fire committee are primarily territorial authorities, the Department of Conservation, and/or forestry companies.
- 4.24 As with other Fire Authorities, rural fire committees would be able to choose to transfer their responsibilities to the FRS.
- 4.25 If an individual member of a committee, such as a territorial authority or a forestry company, decided to transfer its territory to the FRS or apply to become a self-provider, its proposed withdrawal from the committee's area of responsibility would trigger an assessment of the rural fire district as a whole.
- 4.26 A viability assessment would need to be made of whether the balance of the rural fire district's area should remain with the committee or if the committee should be disbanded. This would also include assessing which body should take over responsibility for vegetation fire management for the land of the party proposing to withdraw from the committee.
- 4.27 The FRS would undertake these assessments, on the basis that it would hold overall responsibility for balancing local, regional or national interests in respect of fire risk management. It would need to consult the rural fire committee and other interested parties before making a recommendation for the responsible Minister's approval.
- 4.28 Rural fire districts form a major component of the rural fire management system set up by the FRFA. Although existing Fire Authorities would continue, entirely new districts could not be established after the Fire and Rescue Act was passed.

What would happen if a Rural Fire Committee wanted its boundaries changed?

- 4.29 The members of a rural fire committee might want to change the boundaries of its district, in order to account for the changing circumstances of one or more members of the committee. An example would be where a committee member acquired or became responsible for land that was in an area contiguous to the district.
- 4.30 The process in this case would be similar to that described above for the withdrawal of a district's committee member. The FRS would need to complete a viability assessment for the district, including taking into account the fire management requirements of the land that was affected by the changes.

What about Fire Authorities' responsibilities in cities and towns?

- 4.31 Fire Authorities would only be responsible for the four Rs of vegetation fire in their areas, which would exclude all cities and most towns.
- 4.32 Also, the legislation would allow the FRS to recommend to the Minister that she or he approve the exclusion of a built-up urban zone from a Fire Authority area. This could be if it would be more practical for the FRS to manage any residual vegetation fire risk alongside its responsibilities for non-vegetation fire and rescue.
- 4.33 Once excluded, these areas would be the sole responsibility of the FRS for the four Rs of any kind of fire, whether vegetation or non-vegetation.

Would Fire Authorities have links with CDEM Groups?

- 4.34 As with the FRS, it would be important that Fire Authorities were represented on CDEM Co-ordinating Executive Groups (CEGs). Although currently a CEG must include a senior member of the NZFS, rural fire interests are not formally represented, but may be co-opted into the group.
- 4.35 Where Fire Authorities continue to exist, they should be represented on the CEG, to allow regional representation of vegetation fire services, and to link Fire Authorities to the wider emergency community. Fire Authorities would cooperate in operational CDEM matters like other emergency services do, if and when they are needed.
- 4.36 The FRS would be the organisation responsible for national and regional co-ordination of fire service providers. In this role it might lead fire services' input to CDEM planning and operations, and this would include Fire Authorities' contributions.

5 Self-providers of fire risk management

Could an organisation provide its own fire risk management under the new Act?

- 5.1 Key functions of the FRS and Fire Authorities would be to provide fire risk management for New Zealand. However, there would be circumstances where an organisation would be permitted to provide its own fire services. This could be where organisations operated in a specified area that had special fire risks.
- 5.2 This approval to be a “self-provider” for fire would be given only after special criteria were met and an assessment process had been followed. Approved self-providers would be responsible for the four Rs of fire risk management, for all kinds of fires on their property.
- 5.3 Cooperative arrangements would be important and could be put in place between the self-provider and the FRS, the local Fire Authority, or other fire managers such as the Department of Conservation, as presently occurs with existing fire services.
- 5.4 Self-providers are recognised in the funding proposals in Chapter 10.

What areas would self-providers probably cover?

- 5.5 There are a number of areas where the fire risk necessitates specialised or extra fire-response protection. These include:
- forestry plantations
 - industrial and commercial land (for example, oil storage facilities)
 - airports.

What process would be required for approval?

- 5.6 In all cases, an organisation would need to apply to be a self-provider under the new framework. The FRS would undertake an assessment of the capability of the organisation and the needs of the area involved, including being satisfied that the organisation met minimum national standards.
- 5.7 Aside from standards, other criteria might include consideration of the viability of the arrangements made by the organisation, and whether self-provision would be in the best interests of the organisation and the wider area, for fire risk management. Any Fire Authority affected would also be consulted.
- 5.8 The FRS would approve or decline these applications.
- 5.9 Once approved, a self-provider would regularly be assessed against the criteria by which it was approved and for compliance with applicable national standards.

How would self-provider organisations fit in new framework?

- 5.10 The organisations that would be likely to want to self-provide are discussed below.

Forestry owners

- 5.11 Some forestry companies currently provide significant firefighting resources to manage their own fire risks. Their operations are often highly efficient.

- 5.12 The companies also work cooperatively with other local fire risk managers. These cooperative arrangements help assure forest owners that fires will not spread onto their land. These are desirable features of New Zealand's current overall fire management system and could continue under the new framework.
- 5.13 Owners of smaller forests might decide that they do not have the capacity to undertake comprehensive fire risk management. In these cases, the local Fire Authority or the FRS would be responsible in the usual way for fire risk reduction and response on their land.

Airports

- 5.14 Under the Civil Aviation Act 1990, airport licensees must provide an aircraft rescue and firefighting service to maintain their operating certificate. Also, under the Fire Service Act 1975 the owners of commercial or industrial premises can establish "industrial brigades", and some airport authorities utilise this provision.
- 5.15 The new fire legislation would not affect civil aviation requirements. However, for an airport's fire and rescue capability to be recognised under the Fire and Rescue Act, that is, where it can provide fire protection for airport buildings and surrounding areas, not only aircraft, it would need to apply to be a self-provider under the new system. (This would not apply to Air Force bases nominated by the Minister of Defence for protection by the New Zealand Defence Force.)
- 5.16 It might be operationally and financially advantageous for an airport to apply to be a self-provider. If an airport were not an approved self-provider, then statutory responsibility for the area of the airport would fall to the FRS, and depending on the airport's location, the local Fire Authority.

Industrial or commercial concerns

- 5.17 Under the new legislation commercial or industrial plants could also apply to manage their own fire risk. Additional support from the FRS could be negotiated. As with forestry companies and airports, industrial or commercial concerns that managed their own fire risk would be recognised in the funding arrangements.

No automatic right to self-provide for fire

- 5.18 Any organisation that managed a high fire risk area would not have an automatic right to have its firefighting capabilities approved and be recognised as a self-provider. The FRS, as the organisation responsible for overall fire risk management in consideration of the national interest, would have to assess whether, on balance, it would be beneficial for such organisations to self-provide, and that there would be no risk to the public interest in this occurring.
- 5.19 On the other hand, any of these organisations could choose not to provide their own fire management capability. This would mean that the FRS and Fire Authorities would be responsible. The fire risks within the organisation's area would then be weighed and managed amongst the fire risks of the area as a whole.
- 5.20 Airport authorities would still need to comply with the requirements of the Civil Aviation Act 1990.
- 5.21 Transitional arrangements would be made for organisations that currently provide their own fire services under the existing legislation.

6 Regional fire risk planning

The importance of integrated regional planning

- 6.1 Regional planning would be a key feature of the new framework.
- 6.2 It would enable regional integration of all fire risk management services, that is, both vegetation and non-vegetation fire services, in one co-ordinated plan. This would be a new feature, and a significant improvement on the current position.

How would regional fire risk planning work?

- 6.3 Regional planning would be based on:
- collaboration between all providers of fire services in a region
 - consultation with communities and interested groups in the region.
- 6.4 The Fire and Rescue Service would have the statutory responsibility for developing and leading the regional planning process. It would determine the number of regions and the boundaries that would be used for this purpose.
- 6.5 The FRS would co-ordinate the development of a plan for each region, with input from all other fire service providers.

What would regional fire plans cover?

- 6.6 Each plan would:
- identify the fire risks, vegetation and non-vegetation, for the region
 - cover the 4 Rs of fire risk management
 - describe how the FRS would deliver non-vegetation fire services across the region, provide vegetation fire services for any areas for which it is responsible, and deliver central and support services
 - describe how each Fire Authority (whether a rural fire committee or a territorial authority) would deliver vegetation fire services in its area of responsibility
 - describe the role of the Department of Conservation and the New Zealand Defence Force in managing any of its areas in the region
 - incorporate the contribution of any approved self-providers in the region
 - outline how the providers will co-operate in the delivery of fire services.
- 6.7 Regional plans would reflect and not detract from each provider's formal accountability for the provision of fire services. The regional fire plans could also represent a direct contribution to CDEM planning at the regional level.
- 6.8 Regional plans would be publicly notified and renewed periodically (for example, every 3 or 5 years).

7 Impacts on paid staff and volunteers

What would happen to existing fire services?

- 7.1 The Fire and Rescue Act would cover all aspects of fire risk management in New Zealand, by establishing the FRS, re-establishing Fire Authorities, recognising Conservation and Defence, and allowing self-providers to be approved, as described in Chapters 2–5.
- 7.2 After the new Act was passed and any necessary transitional phase had been completed, the New Zealand Fire Service Commission, the National Rural Fire Authority (NRFA), and the NZFS would no longer exist.

Would there be statutory officers under the new Act?

- 7.3 There would be statutory leadership positions throughout New Zealand, created under the Fire and Rescue Act. For example, there would be Chief Fire Rescue Officers in areas of FRS responsibility, working with FRS brigades, and Principal Fire Authority Officers in Fire Authority areas of responsibility, working with Fire Authority brigades.
- 7.4 As with current Chief Fire Officer and Principal Rural Fire Officers, these leaders would play an important role, by being empowered to work locally within their communities.

How would the proposal impact on existing staff?

- 7.5 Creating the new framework for fire and rescue services would affect existing staff and organisations involved in fire management to varying degrees.

The NZFS and its existing employees

- 7.6 There would be a process for transferring employees of the NZFS, including NRFA personnel, to positions in the FRS. This would maintain the continuity of fire and rescue services during the changeover from the current system.

Principal Rural Fire Officers and local government employees

- 7.7 Some Fire Authorities carry out their firefighting duties by using a mixture of contractors and employees who may also have other roles (this is common amongst local government employees).
- 7.8 These employees would be generally unaffected by the proposal, because in the first instance Fire Authorities would pass from the old FRFA system to the new Fire and Rescue Act framework.
- 7.9 In some instances an existing Fire Authority may contract with private companies to manage its firefighting. These contracts could continue under the new legislation.

How would the proposal impact on volunteer NZFS brigades and voluntary rural fire forces?

- 7.10 Volunteer brigades and voluntary fire forces make significant contributions to their local communities and are often well supported by them. Volunteers comprise 87 percent of the firefighting labour force. This ‘good citizen’ contribution is of great value to both the local community and to the provision of effective fire and rescue services.

- 7.11 Moving existing volunteer NZFS brigades and voluntary rural fire forces into the new framework would be of fundamental importance. There would be two steps in the process of incorporating these brigades and fire forces.
- 7.12 First, existing NZFS brigades and registered fire forces would be recognised as new FRS or Fire Authority brigades, for a transitional period after the Fire and Rescue Act was passed (see Chapter 9).
- 7.13 Existing brigades and fire forces would all be referred to as 'brigades' in recognition of their future commonality (for example, in all meeting training and performance standards) and to promote compatibility amongst the services.
- 7.14 Second, by the end of the transitional period existing brigades would need to have an agreement with the FRS or a Fire Authority to continue fighting fires or attending other emergencies.
- 7.15 The FRS would provide support for the establishment and training of all brigades with an agreement for service with the FRS or a Fire Authority (see Chapter 11).

FRS brigades

- 7.16 The functions of the FRS would cover a wide range of fire and non-fire activities. The FRS would need to recognise the different expertise required to perform the various functions. To meet local needs, the FRS would be able to recognise specialised brigades, for example, where the assistance specifically covered:
 - fighting structural fires, or
 - fighting forest or vegetation fires (where no Fire Authority was responsible), or
 - operating extrication equipment at road accidents, or
 - providing urban search and rescue services, or
 - providing support services, or
 - a mixture of any of these.
- 7.17 Under CDEM legislation FRS brigades would be involved in CDEM-related activity (see paragraphs 3.37-3.39).
- 7.18 The FRS would need to check that the brigade met minimum national training standards, according to the functions that the brigade would be performing. Some members of a brigade might not meet these standards. In these cases, the FRS would work with the different groups to help them meet the overall standards for brigades.
- 7.19 The FRS would negotiate an agreement for service with a brigade, based on the skills needed in the area, and if the brigade were recognised as specialised, this would be reflected in the agreement for service between the FRS and the brigade.
- 7.20 The FRS would directly cover the costs of training and equipping its FRS brigades.

Fire Authority brigades

- 7.21 The functions of Fire Authorities would cover responding to vegetation and wildfires, and therefore Fire Authorities would require brigades that were trained to fight these fires. Existing fire forces could choose to continue performing this kind of firefighting role, and negotiate with the local Fire Authority for an agreement for service.

- 7.22 Because the function of Fire Authorities would be limited to vegetation firefighting, those working solely for Fire Authorities would not be authorised to provide other services, unless a request was made to assist the FRS (see paragraph 7.37).
- 7.23 As with FRS brigades, it would be equally as important for vegetation fire brigades to meet national standards. The Fire Authority would have to be satisfied that the brigade met minimum national training standards for vegetation firefighting. As with the FRS, some members might not meet these standards, and the Fire Authority would need to help them meet the overall standards for vegetation fire brigades.
- 7.24 Training grants for Fire Authority volunteer brigades would be available through the FRS on an ongoing basis. These grants would reimburse the Fire Authority for training costs, after the agreement for service between the Fire Authority and brigade was settled.
- 7.25 As with FRS brigades, Fire Authority brigades would also participate in CDEM work.

Dual FRS/Fire Authority brigades

- 7.26 There might be areas where an existing fire force was in a good position to respond to non-vegetation fire or non-fire incidents. Existing fire forces could approach the FRS to discuss becoming an FRS brigade that would respond to these incidents. Similarly, existing NZFS brigades could negotiate with a Fire Authority about providing a response to vegetation fires.
- 7.27 In these situations, either brigade could have agreements for service with both the FRS and the local Fire Authority. The brigade would need to meet minimum standards and be properly trained and equipped to deal with different kinds of incidents. This would be reflected in the brigade's agreement for service.
- 7.28 However, the response priorities of every dual brigade would need to be negotiated between the FRS and the Fire Authority.

Would the role of existing firefighters change?

- 7.29 The roles of many existing firefighters would continue along present lines. The new legislation would cover all current activities, and would enable the new service to ensure that all Fire Authority firefighters and FRS workers throughout the country were properly trained.
- 7.30 Individual firefighters would have options for training, depending on the needs of the organisation and the community. Some might decide to continue solely fighting vegetation fires, or solely structural fires. Others might train for a mixture of roles because of the demands of the area and their community.
- 7.31 The FRS would provide New Zealand with a new national response service that had a recognised role in rescue, and over time its services might evolve according to changing circumstances and needs. This would provide opportunities for FRS brigades to develop and expand their skills.
- 7.32 Those volunteer brigades and voluntary fire forces that decided during the transitional phase that they wished to operate as a dual FRS/Fire Authority brigade would be likely to experience the most change.

Other issues relating to paid staff and volunteers

Training and legal protections

- 7.33 Government wants strong, safe communities. In the context of a fire and rescue services framework, this means:
- firefighters and fire and rescue workers must be properly trained and equipped
 - trained firefighters and fire and rescue workers must be protected against risks such as physical injury and legal action for misadventure.
- 7.34 The training of volunteer brigades would be an important part of negotiated agreements for service between these groups and the appropriate authority. Once a brigade was engaged, ongoing training would also be important.
- 7.35 All operational staff, and any volunteers that were part of a brigade that had an agreement for service with the FRS or a Fire Authority, would receive the necessary legal protections for carrying out their work, provided they follow operational guidelines.
- 7.36 Fire Authorities' functions would be related to vegetation fire alone. Brigades that performed tasks solely for a Fire Authority would be legally protected when they were performing vegetation firefighting.
- 7.37 However, the FRS might call upon a Fire Authority brigade to help out in another kind of emergency. In this case, they would be protected while performing other tasks because they would be working under the authority of the FRS.
- 7.38 The existing provisions in the Health and Safety in Employment Act 1992 would provide protection against the risk of physical injury.

Employment protection for volunteers

- 7.39 The new legislation needs to encourage the continuation of local input and protect all volunteers in their roles.
- 7.40 Some precedents exist for protecting volunteers' employment in legislation. For example, people serving in the territorial forces cannot be dismissed because of their voluntary service. Similar protection could be considered for volunteer firefighters and fire and rescue workers to allow for their time away from work attending an emergency.

Compensation for volunteers

- 7.41 Vegetation firefighting can extend into hours, days or even weeks for large campaign fires. Presently payment of compensation takes place for this kind of rural firefighting, and could be made along similar lines in the future.

Consultation with the United Fire Brigades' Association

- 7.42 Under existing legislation volunteers have rights of consultation. The Chief Executive of the NZFS must consult representatives of the United Fire Brigades' Association (UFBA) twice a year.
- 7.43 Currently, if there is a dispute between the New Zealand Fire Service Commission and a brigade, the Commission must:
- give written notice to the UFBA of the circumstances of the dispute
 - defer any final decision on the dispute until it has considered representations by the UFBA.

- 7.44 These rights of consultation would be retained in the new Act, placing an obligation on the FRS and Fire Authorities to consult with the UFBA on a regular basis, and as a part of dispute resolution with a volunteer brigade.

8 Fire risk reduction

What does fire risk reduction mean?

- 8.1 'Reduction' is one of the four Rs of risk management (reduction, readiness, response and recovery). As noted in Chapter 2 (Figure 2.1), the reduction of risk can be defined as the process of:
- identifying and analysing risks to human life and property from natural or man-made hazards
 - taking steps to eliminate these risks where practicable, and where not, reducing the likelihood and the magnitude of their impact.
- 8.2 Fire risk reduction can be regarded simply as an all-encompassing term for any measures undertaken to reduce the risk of fire. This involves preventing or minimising the obvious damage associated with fire, as well as considering how best to protect people and their communities from this danger.
- 8.3 The measures required to reduce the risk of fire will usually vary according to the environment that is being considered. The controls needed to prevent vegetation fire, for example, will be quite different to those needed to prevent fires that occur in structures or buildings. For this reason, the proposal deals separately with risk reduction work for the two main types of fire, vegetation or non-vegetation.

How do the existing fire services manage vegetation fire risk reduction?

- 8.4 Vegetation fire risk reduction is managed differently in urban and rural parts of New Zealand.
- 8.5 Fire risk reduction is highly important for New Zealand's rural fire sector. The Forest and Rural Fires Act 1977 (FRFA) requires Fire Authorities to promote and carry out "fire control" measures in their areas. Fire control measures include the use of restricted and prohibited fire seasons and fire warning signs. Regulations deal with preventing unintended fires (for example, restricting the use of spark hazardous engines).
- 8.6 The Fire Service Act 1975 (FSA) does not refer to fire control measures. Territorial authorities, rather than the NZFS, manage fire risk reduction in urban areas (for fires in the open air). Section 146 of the Local Government Act 2002 gives territorial authorities the power to make by-laws to prevent the spread of vegetation fires.

What would happen to vegetation fire risk reduction under the new framework?

- 8.7 In the new Fire and Rescue Act vegetation fire risk reduction would focus specifically on the use of measures to manage effectively the risks of vegetation fires breaking out and/or spreading in forest, rural and urban areas. It would include measures to:
- encourage people to act responsibly around fire
 - reduce the chance of accidental fire by limiting risky activities.

- 8.8 A range of providers would have the key function of managing and reducing the risk of vegetation fire. These would be:
- Fire Authorities
 - the Minister of Conservation
 - the Minister of Defence
 - self-providers (for example, forestry owners)
 - the FRS, in any areas not managed by one of the above.
- 8.9 The proposal is to consolidate existing risk reduction measures in the new Act, including:
- permits to light fires
 - declarations on restricted fire periods
 - fire bans
 - removal of vegetation fire hazards and management of vegetation fire hazardous equipment
 - other measures to limit the spread of vegetation fire, for example, firebreaks.
- 8.10 The FRS would also have a general co-ordination and facilitation role across New Zealand, the responsibility for developing and monitoring vegetation fire risk reduction standards, and selected powers that could be exercised in any area, for example, ordering an emergency fire ban.
- 8.11 Fire Authorities would have the responsibility for vegetation fire risk reduction in their areas. They would have the ability to impose constraints on their area's landowners and land users, and otherwise exercise powers of direction or intervention.
- 8.12 Where the FRS approved an organisation to be a self-provider within its designated area, the organisation would manage some risk reduction on their land. However, in some respects these organisations, like any other landowners, would still be subject to the direction and general oversight of the FRS. This would ensure that the broader public interest would be taken into account.
- 8.13 The FRS would manage vegetation fire risk reduction in any areas not covered by a Fire Authority, the Ministers of Conservation or Defence or a self-provider. Under the provisions of the new legislation the FRS would carry out vegetation fire risk reduction in cities and most towns (see paragraphs 4.31-4.33).
- 8.14 Territorial authorities' existing by-law-making powers under the Local Government Act 2002, which can be used for preventing the spread of vegetation fires, would be repealed as the necessary powers would be provided in the new Fire and Rescue Act.
- 8.15 Fire mediators, like those in the FRFA, could continue to have a role in mediating some disputes between landowners and authorities concerning the imposition of vegetation fire risk reduction measures.
- 8.16 See Figure 8.1 for an illustration of the responsibilities of different organisations for vegetation fire risk reduction measures.

Figure 8.1: Vegetation fire risk reduction measures and which organisations would implement them

Measure	Fire & Rescue Service	Fire Authorities	Conservation & Defence	Self-providers	TAs (LGA)
Co-ordination of vegetation fire risk reduction across NZ	ÖÖ				
General duty to promote/carry out vegetation fire risk reduction	Ö	Ö	Ö	Ö	
Vegetation fire plans	Ö	Ö	Ö	Ö	
Fire weather index and hazard identification	Ö ÖÖ (co-ordination & standards)	Ö	Ö	Ö	
Declaration of fire seasons & issue of permits	Ö ÖÖ	Ö	Ö	Ö *	**
Emergency fire ban	ÖÖ				
Prohibition of fires and certain operations during extreme fire hazards	Ö ÖÖ (power to direct self-providers)	Ö	Ö	Ö *	
Restrictions on spark hazardous engines	Ö	Ö	Ö	Ö *	
Maintenance of tree felling & sawmilling apparatus	Ö ÖÖ (power to direct self-providers)	Ö	Ö	Subject to FRS direction	
Restrictions on entry to exotic forests	Ö	Ö	Ö	Ö	
Firebreaks & through routes	Ö	Ö	Duty to maintain own area	Duty to maintain own area	
Removal of vegetation and fire hazards	Ö	Ö	Duty to maintain own area	Duty to maintain own area	**
Authority to carry out other vegetation fire risk reduction measures	Ö	Ö	Ö		**

Key:
 Ö = carries out this measure or role in its own area
 ÖÖ = national role
 * if public access to land, may also be subject to FRS direction
 ** existing powers not retained

“Fire safety” under the existing system

- 8.17 The FSA provides that ‘as a matter of prime importance’ the New Zealand Fire Service Commission must ‘take an active and coordinating role in the promotion of fire safety in New Zealand’ (section 20). The term ‘fire safety’ is not defined in the FSA, however, the list of statutory functions for the Commission in relation to promoting fire safety give an indication of what it involves.
- 8.18 Fire safety largely (but not exclusively) deals with fire risk reduction in the built or structural environment. There are two general categories that can be identified.
- **Buildings**—requirements in the Building Act 2004 and the building code, for building design and standards of materials, etc, contribute significantly to our protection from fire. The promotion of particular aspects of fire safety relates closely to New Zealand’s building laws and regulations.

An example of the interrelationship between fire safety and building legislation is seen in the FSA, which provides for evacuation procedures and schemes, and its regulations that deal with these and other building-related measures.

- **Human behaviour**—in other areas fire safety aims to teach people to protect themselves from accidental fire, react safely to fire, or prevent causing fire. Public education and media campaigns are commonly used to achieve these aims. These campaigns often identify specific issues, such as the importance of installing smoke alarms in residential homes, or keeping fire lighters and matches away from children.

What would happen to risk reduction for non-vegetation fire under the new framework?

- 8.19 Aside from vegetation fire, the reduction of fire risk is an issue not only for the New Zealand Fire Service and the building sector. It has an impact in a wide variety of areas.
- 8.20 An illustration of this variety is in the development of standards or regulations aimed at improving safety. For example, rules or standards that help to prevent fire exist for:
- fire retardant clothing for children (regulations under the Fair Trading Act 1986)
 - hazardous substances (regulations under the Hazardous Substances and New Organisms Act 1996)
 - electrical appliances (regulations under the Electricity Act 1992)
 - motor vehicle manufacture (Land Transport Rules under the Land Transport Act 1998).
- 8.21 The reduction of non-vegetation fire, therefore, would not be an exclusive function of the FRS, because fire risk reduction work belongs in many cases to other organisations.
- 8.22 The new legislation should continue to place an emphasis on fire risk reduction measures in the structural environment. This would include continuing with the provision of regulations relating to building fire safety, evacuation procedures and schemes.
- 8.23 However, the broader FRS functions of promoting fire safe behaviour, undertaking research, informing and educating the public, and continually striving to reduce the incidence and consequence of fire would not be restricted to the structural environment. When performing these functions, the FRS could have regard to fire-related issues arising in any environment.

- 8.24 In summary, key functions of the FRS (see Chapter 3) would include:
- managing some aspects of non-vegetation fire risk reduction, alongside organisations from other sectors that contribute to this risk management work
 - promoting fire safety throughout New Zealand
 - carrying out research to reduce the incidence and consequences of fire
 - approving evacuation schemes for buildings, and undertaking other "building" safety functions.
- 8.25 See Figure 8.2 for an illustration of the responsibilities of different organisations for fire risk reduction measures for non-vegetation fire.

Figure 8.2: The four Rs of non-vegetation fire risk management and which organisations would be responsible for them

<i>The four Rs</i>	Fire & Rescue Service	Fire Authorities	Conservation & Defence	Self-providers
Reduction	öö			
Readiness	ö		ö	ö
Response	ö		ö	ö
Recovery	öö		ö	ö
Key: ö = carries out this role in its own area öö = a non-exclusive role, shared with other organisations that contribute to its overall management				

9 The transition to a new system

Introduction

9.1 The management of the transition from the old system to the new would be very important. The transition mechanism would need to:

- maintain the continuity of fire and rescue services so that lives and properties are not at risk
- provide mechanisms for volunteer, paid, rural and urban firefighters to take up their places under the new framework
- translate the two existing separate fire management systems into the new more integrated system.

9.2 An important element of the transition period would be supporting volunteers.

Possible transition stages under the Fire and Rescue Act

9.3 The following table illustrates how an orderly transition process might be undertaken—probably over a period of years. The description of the transition below is an outline only. The timeframe and the sequence of events would need to be given further detailed consideration, in light of decisions on the new framework for fire and rescue services and all the associated proposals outlined in this document.

Figure 9.1: Possible transitional stages under a new Fire and Rescue Act

Stage	Action	Effect
Stage 1	Act is passed	<p>The New Zealand Fire Service Commission (including the NRFA and the NZFS), Fire Authorities and territorial authorities continue to operate as usual, with responsibilities for managing fire risk and/or response. Existing NZFS brigades and registered rural fire forces continue as usual. Existing standards remain in place.</p> <p>The Board for the FRS is established. The Board's transitional functions would be to:</p> <ul style="list-style-type: none"> • appoint a Chief Executive • negotiate any changes to contracts • develop a vegetation fire risk management system, including a FRS permit system for the lighting of fires • commence development of national standards, in consultation with Fire Authorities and other statutory providers • prepare strategic priorities for the FRS. <p>A Fire Authority could begin consideration of whether it wanted to transfer its responsibilities to the FRS during the next stage.</p> <p>The boundaries of the responsible organisations (the FRS, Fire Authorities and the Department of Conservation) would be redrawn, to reflect the statutory definitions in the new legislation.</p>

Stage	Action	Effect
Stage 2	Whole Act in force	<p>The rest of the new Act comes into force and the new FRS is fully established. The FSA and FRFA are repealed, and the New Zealand Fire Service Commission, including the NRFA and the NZFS, cease to exist. Territorial authorities' by-law making powers relating to fire are repealed.</p> <p>NZFS and NRFA staff transfer to the FRS.</p> <p>All volunteer brigades with agreements for service with the NZFS or registered voluntary fire forces are recognised as new FRS or Fire Authority brigades. Negotiations begin with the FRS or Fire Authorities for new agreements for service, reflecting the type of firefighting or rescue work they will be trained and equipped for.</p> <p>The initial transitional functions of the Board of the FRS are completed, and:</p> <ul style="list-style-type: none"> • assets of the NZFS have transferred to the FRS • renegotiated contracts are in place • the new FRS permit system is in place • assessment and approval of self-providers' applications could begin. <p>The FRS and Fire Authorities are represented on each CEG under the CDEM legislation.</p> <p>Fire Authorities are recreated under the Act. If any had decided to transfer their responsibilities, they could now initiate this process. If a large number want to do this, the transfers might be staggered. Some Fire Authority staff might move to the FRS under a negotiated transfer process.</p>
Stage 3	New brigades and standards in place	<p>Eligible brigades have agreements for service with the FRS or a Fire Authority.</p> <p>New minimum national standards are brought into operation.</p>

Part B: Funding

10 The proposed new funding system

Introduction

- 10.1 The New Zealand Fire Service Commission is funded from a levy based on property insurance values, which applies to almost all property covered against fire risk. Fire Authorities are funded from a much wider variety of sources. See Appendix A for a full description of the existing funding system.
- 10.2 The proposal is for a new Fire and Rescue levy to be based on insured property, but with significant changes when compared with the existing levy system. The levy would pay for all of the costs of the FRS and many of those of Fire Authorities. However, Fire Authorities would still need to raise money from their own sources for management purposes.
- 10.3 The new levy system would address most of the problems identified with the existing levy system (see Figure 10.1). Contributions would be made from two sources:
- from an expanded base of insured property
 - from a larger pool of motor vehicles.
- 10.4 There is also the option of a government contribution towards funding (see paragraphs 10.33-10.34).

Why is the insurance base continued?

- 10.5 Any funding system for new fire and rescue services needs to meet several different objectives. It needs to:
- address the issue of fairness about who should pay
 - provide a sufficient and sustainable source of funds for the effective long term operation of the services
 - minimise administrative and compliance costs.
- 10.6 In considering whether a system based on insurance meets these objectives, a comparison is made with another common property-based funding system, that of a rates base.

Who should pay

- 10.7 Fire and rescue services are a vital part of our communities' response to threats to life and property. The provision of such services enhances a community's sense of safety and well-being. Everyone is a beneficiary of the services and should contribute to their funding. This indicates that any funding base should be as wide, or have as many people contributing, as possible. (But see also paragraphs 10.32 and 11.6 about the position of self-providers, the New Zealand Defence Force and the Department of Conservation.)
- 10.8 Conversely, when the priorities of saving lives or minimising injuries have been addressed, much of the activity of fire and rescue services is about the protection of property. Whether this be through extinguishing fires, securing roofs during storms, or pumping water during floods, the concern is to save property from loss or damage. Property owners benefit in direct proportion to the value of property that is protected.

- 10.9 In this context, equity considerations suggest that:
- any funding levy should apply to the widest possible range of property at risk²
 - property owners should contribute to the cost of the services in direct proportion to the value of their property being protected.
- 10.10 The continuation of an insurance-based levy is fairer than the alternatives in terms of the number of people who contribute to fire and rescue services. Simply stated, there are many more people who insure all kinds of property than there are owners of real property. It is fairer than rates-based alternatives because insurance companies are also direct beneficiaries. The companies benefit from the reduction in property loss or damage that fire and rescue services help provide.
- 10.11 An insurance-based levy also more fairly targets the property that benefits from the nature of the services being provided. For example, a change to a rates-based real property levy would not allow for the levying of any non-real property (property that is not land or buildings), which makes up a considerable proportion of the total property 'pool'. In comparison, insurance companies insure not only a substantial amount of real property, but also a large amount of non-real property, such as industrial plant and equipment, stocks of goods and materials, the furnishings and contents of buildings, and household and personal property.³ These kinds of property not only benefit from fire protection; they are also often the cause of fires and other accidents.

A sufficient and sustainable source of funds

- 10.12 In general the current insurance-based system of funding has provided a sufficient source of funds to meet the growing requirements of urban fire services. The growth in building stock and other insured property has generally kept pace with the growth in expenditure requirements, allowing for a broadly stable levy rate over a long period. It has done so during a time when there has been a large increase in the workload of the services, with both an increase in the frequency of incidents and a marked change in their profile.
- 10.13 The continuation of an insurance-based levy meets the requirement for a sufficient and sustainable source of funds. The levy on insurance has worked well for 30 years and is understood by those using it. While some problems have been identified, the system can be modified to address many of these.

Minimising administrative and compliance costs

- 10.14 The costs of establishing and maintaining an alternative property base to the insurance levy could be considerable. A new collection system would require setting up expensive new administrative systems and involve additional compliance costs for industry.
- 10.15 A levy based on individual real property charges, for example, would require the establishment of a new system created to aggregate the property databases from all 73 territorial authorities. This is because territorial authorities own and separately maintain the property records of their districts, and would be likely to seek payment for providing updated information on an ongoing basis.
- 10.16 Based on earlier work, it is estimated that the overall costs of administering a new system based on real property would be \$7-10 million annually, or 2.5-3.5 percent of the annual

² In this context land itself is not at risk, though what is grown or constructed or located on it, may be. This suggests that levies on unimproved bare land may be unjustified, but that they would be justified for the things grown, constructed or located on them.

³ Note that non-real property levies generate as much as one-third of the income of the New Zealand Fire Service Commission (see Appendix A).

budget of the new service. In addition to this there could be significant one-off costs for the commercial and business community as it sought to come to terms with a new system. It would be difficult to justify this for a system collecting less than \$300 million annually.

- 10.17 The continuation of an insurance-based levy would minimise administration and compliance costs. Because the existing collection system is already in place, there would be minimal disruption by continuing with it.

Description of the Fire and Rescue levy

The expanded insurance base

- 10.18 In principle the new Fire and Rescue levy would be based on calculating and collecting a levy on **all property** insured against **any kind of loss or damage**. This would be a major change compared with the current situation, where existing levies apply only to property that is insured against fire risk. The change would broaden the leviable base considerably, allowing the funding burden to be shared over a much larger group of assets being protected.
- 10.19 The reason for extending levy liability to property insured for any kind of loss or damage is to allow funding to reflect more fairly the wider mandate of the FRS. Attendance by the NZFS at floods, storms and other natural events, as well as hazardous substance incidents, medical assists, and industrial and other rescues, is now increasingly common and would continue to grow under the expanded mandate of the FRS. It would no longer be equitable to fund all these incidents solely from fire-insured property.
- 10.20 If it is accepted that the levy should apply to the widest possible range of insured property, the likely range of property to be levied would include:
- residential dwellings
 - household and personal property
 - commercial and industrial buildings and their contents
 - industrial plant and equipment
 - stocks of raw materials and other goods
 - forests and agricultural crops
 - motor vehicles.
- 10.21 The proposal to levy all (insured) property meets the objective of making the base as broad as possible. This approach raises the question of existing exemptions and whether any of these should continue. In current legislation there is a long list of exemptions from levy liability. Many of these relate to infrastructure assets, such as public utilities, roads, bridges, dams and railway tracks. Others are agricultural or forestry assets, such as livestock, crops and forest plantations.
- 10.22 It would be necessary to examine each of these exemptions. A principled basis for an exemption in the new regime could be whether the insured assets could possibly benefit from the coverage of fire and rescue services. Offshore petroleum installations, for example, would lie beyond the normal reach of any coverage by the FRS and would be likely to be exempt. This issue would need further detailed work.

10.23 We seek your views on the proposal to increase the leviable base in the manner described. The proposal seeks to spread the funding burden as widely as possible while justifying charges for services.

Levies on a larger pool of motor vehicles

10.24 At present Fire Service levies are only paid on motor vehicles insured for damage or loss. "Third-party" insured vehicles face no levy, because this type of policy covers only the financial exposure of the vehicle's owner for damage to other parties, rather than damage to the owner's vehicle. The proposal would change the requirements so that all insured vehicles owners were liable for the levy, whether fully or third-party only insured.

10.25 The proposal would modestly increase the number of vehicles liable for the levy. We have no recent data on this, but older studies identified that around 6% of the motor vehicle fleet was covered by third-party policies.

The value basis of the levy

10.26 In general the levy would continue to be based on an insured value concept. However, the present references to "indemnity" values in the legislation would be dropped. This would help remedy inequities around the varying values at which some buildings are levied.

10.27 The levy would be calculated on either one of two values:

- replacement value, or
- the maximum amount payable under the insurance policy.

10.28 For residential buildings there are currently caps on the insured value on which the levy is calculated—\$100,000 for residential dwellings and \$20,000 for domestic contents (see paragraph A.1, Appendix A).

10.29 These caps are long out of date and well below current values. For example, when the cap was first introduced in 1994 only 20% of all homeowners paid the maximum \$62 levy on their homes. Now around 80% of homeowners pay the maximum (currently \$73), which has the effect of transferring the levy burden from the owners of the most valuable properties to the less well off.

10.30 The issue of the level at which caps ought to be set would need to be decided at a later stage, following feedback on this document. At that time a more precise levy formula would be developed, including an assessment of its likely impacts on levy distribution. Meanwhile we seek your views on the use of capped levies.

10.31 For insured motor vehicles it is proposed that the levy would be paid on the following basis.

- A suggested flat rate of \$10 for vehicles weighing less than 3.5 tonnes would replace the current flat rate of \$5.84. This would help bring the contribution from motor vehicles more closely into line with their use of rescue services. The 3.5 tonne weight distinction reflects the readily available weight categories recorded by transport authorities.
- Vehicles weighing more than 3.5 tonnes would continue to be levied on an insured value basis. The same value criterion would be applied as for all other commercial property. That is, fleets of "first loss" insured vehicles would attract a levy on the basis of either the replacement values involved, or the maximum amount payable under the policy for any and all vehicles.

Discounts for self-providers

10.32 Discounts on the levy would apply to organisations that insured their property, but that were approved to be self-providers managing their own fire risk. Some levy would still be payable by them to meet, for example, the overhead costs of the FRS, the backup provided by the FRS for fire response and the availability of a national rescue service. Detailed work would need to be done on the appropriate level of any discount.

Figure 10.1: Proposed major improvements compared with the existing insurance system

Current feature or issue	Proposed changes and their effect
<i>Types of insurance policies levied</i>	The new basis for the levy would be that all property insured against any kind of loss or damage, and benefiting from fire and rescue services, would be liable for a levy. This would reflect the wider mandate for fire and non-fire work that would be performed by the FRS.
<i>Indemnity value</i>	The existing default "indemnity value" option has the effect of greatly reducing the values that are levied from some insured building owners. Changing the value basis of the levy would remove this problem. Using 'the maximum amount payable under the policy' would provide certainty by referring to a readily identifiable value in the insurance policy, whether the policy insures for replacement value or for a lesser insured value.
<i>"First loss" policies for all properties</i>	The wording in the current legislation allows building owners, with a portfolio of properties insured under a "first loss" policy, to pay a levy on the value of one single building. Requiring all property covered by an insurance policy to be eligible for the levy would resolve this anomaly. The levy would be paid on the total insured value of each and every building covered by the policy. It would mean that levies were paid on property covered by first loss policies on the same basis as for all other properties. Owners of vehicle fleets insured on a first loss basis would also be liable for the levy on all their vehicles.
<i>Small motor vehicle levy rate</i>	The existing \$5.84 levy on smaller vehicles would be increased to \$10 to reflect the high incidence of motor vehicle accidents that require emergency assistance.
<i>Levy on third party insurance</i>	The current levy is not payable on third party insurance policies for motor vehicles. Under the proposal, these policies would be levied at the same rate as other motor vehicles in the same weight category.
<i>Capped leviable values</i>	At present the levy on domestic real property is calculated on a maximum insured value of \$100,000. Domestic contents property is levied on a maximum insured value of \$20,000. These "caps" were defined in 1994 and presently mean that around 80% all homeowners pay the maximum of \$73 on their houses. How the cap affects contents insurance policies cannot readily be assessed. Due to the erosion of dollar values since 1994, these values would need to be reviewed if their original impact is to be preserved. They would also need to be reviewed in terms of their impact on overall levy distribution. Conversely, the case for a flat rate levy should be assessed. A flat rate means that owners of lower value properties effectively subsidise those owning higher value properties.
<i>Exempt property categories</i>	The existing legislation contains categories of property exempted from the levy. This would be reviewed. Some property would still be exempt under the new Act, based on whether it would benefit from FRS coverage. For example, an offshore petroleum installation would not benefit and would be likely to be exempt.

A government contribution – an option for government to consider

- 10.33 The government may also wish to consider an annual contribution to the FRS. This would reflect an element of public good in the provision of fire and rescue services, which helps meet the government's objective of a safe and secure community.
- 10.34 A government contribution could also be justified on the grounds that:
- as a substantial property owner, the government often "self-insures"
 - the FRS would represent a unique national resource, available to the government to address emergency situations and carry out special tasks of wide public benefit
 - the FRS would be significantly involved in many kinds of CDEM activity and would become a valuable resource for planning and responding to many CDEM events.

Impacts on levy payers

- 10.35 The overall impact of the proposed changes is that the range and value of leviable property would be likely to increase significantly. If expenditure remained at the same level, this would allow for a decrease in the levy rate.
- 10.36 There are, however, large uncertainties about the actual incidence and value of insurance cover, particularly in the commercial sector. This is because confidentiality provisions in current legislation significantly limit information about levy payments. This makes it difficult to be precise about likely impacts. Close cooperation with the insurance industry would eventually be necessary to work out specific details of the issues around restructured insurance levies.
- 10.37 The difference between using existing leviable values and those proposed in this document could be considerable. The New Zealand Fire Service Commission has noted that the current "indemnity values" of some commercial buildings are only around 30 percent of replacement values. In these cases the leviable values under the proposal could therefore be three times higher than at present.
- 10.38 The proposal to remove "first loss" loopholes would also have very large effects on some building owners, increasing the underlying leviable value of their buildings many times.
- 10.39 The major impact of substantial increases in the size of the leviable base is that it would rearrange the amount of levy paid by different property owners. It would allow levy payments to be made on a much more consistent, and therefore equitable, basis.
- 10.40 At this stage we can only make the following broad generalisations about different groups of levy payers. These assume prevailing levels of expenditure and that no special increases arise from any re-scaling of the activities of the FRS.

Residential homeowners

- 10.41 The broadening of the levy base should allow average homeowner levy payments to decrease, or at least, not to increase. Because there is a very high incidence of insurance among homeowners, the overall pool of contributors from this sector would not increase markedly.

Commercial and industrial building owners

- 10.42 The largest gaps in levy contribution occur in the commercial and industrial sectors and any changes would be most noticeable to this sector. Fully insured building owners could probably expect decreases overall, but those with low indemnity values, or first loss insurance, would face large increases. In some cases they would face very large

increases. These owners would tend to be the owners of very large assets, who currently pay very little for their protection by fire and rescue services.

Owners of commercial and industrial non-real property

10.43 Similar comments apply as for commercial and industrial building owners.

Land-based industries such as agriculture and property

10.44 To the extent that their business assets are insured, many of these property owners could face new levies, such as levies on forests and on crops. As for all other groups, if the total pool of leviable assets increases significantly, so could the levy rate decrease significantly.

Owners of private motor vehicles

10.45 The proposal is to increase the current annual levy from \$5.84 to \$10 per vehicle per annum. Owners of third party only insured vehicles would need to pay a levy.

Owners of commercial motor vehicles

10.46 With levy rates likely to decrease overall, commercial vehicle owners, who pay on a value basis, would be likely to pay less on their vehicles. An exception would be if vehicle fleets were "first loss" insured.

Self-providers

10.47 Those industries or organisations providing their own services would see this recognised for the first time through discounts in the levy fee structure. All else being equal, this should lead to a reduction in overall levy contributions by self-providers.

11 The coverage and costs of the funding system

Introduction

- 11.1 The new funding system would be required to pay for the national Fire and Rescue Service and to underpin the overall system of fire risk management throughout the country. It would need to ensure that there were always resources available to fight fires and for brigades to attend a wide range of other emergency incidents. To achieve this, fire and rescue levies would provide for:
- the costs of the national Fire and Rescue Service
 - the costs of establishing and training all FRS and Fire Authority brigades
 - many of the costs of Fire Authorities.
- 11.2 In the first instance all levies would go to the Fire and Rescue Service. The FRS would pay all its own costs from these levies, and also make funds available to Fire Authorities and brigades to meet the costs outlined below.

Support for Fire Authorities and their brigades

- 11.3 The FRS would directly support Fire Authorities and vegetation fire brigades in the following ways.
- In facing the costs of fighting forest and vegetation fires, Fire Authorities would continue to have access to funding support, similar to the existing Rural Fire Fighting Fund. This assistance would be provided from the Fire and Rescue levy, and would be of considerable benefit because there would be no upper limit on the value of claims that might be made by Fire Authorities.
 - Grants for equipment would be made to Fire Authorities, in a similar manner to those presently available, to equip and provide for their brigades.
 - A new feature would be that the costs of establishing and training Fire Authority brigades would be funded from the Fire and Rescue levy.
 - The national role of the FRS in covering all non-vegetation fires, and all other non-fire rescue work, would reduce the necessary involvement of Fire Authority brigades in these incidents. This would remove a source of additional costs for Fire Authorities.
 - The FRS would continue to operate support services for the vegetation fire sector, such as in providing the national fire weather index system, and in undertaking and fostering vegetation fire research.
 - There would be system-wide benefits in having the FRS as a “backstop” provider and coordinator for the sector. For example, the FRS’ developing vegetation firefighting expertise and resources could be made available when Fire Authority resources needed extra assistance.
- 11.4 The FRS would also focus on supporting brigades in non-financial ways. It would provide the more general support and encouragement of a large national organisation. All brigades would share the status of a respected and recognised national “brand”. In this way Fire Authority brigades would be placed on the same footing as all brigades that served the FRS.

- 11.5 Fire Authorities would continue to pay for their own local management of vegetation fire risk, whereas the Fire and Rescue levy would provide for many of the operational costs of fighting vegetation fires. Overall, Fire Authorities and their brigades would receive more funds than at present, and Fire Authorities would be better off financially as they would no longer have to find resources for non-vegetation fire activities. At the same time Fire Authorities would benefit financially, and in other ways, from their brigades being better supported and trained by the FRS.

Department of Conservation and the New Zealand Defence Force

- 11.6 Because the Ministers of Conservation and Defence would be fully accountable for providing and managing their own fire risk environment, the Department of Conservation and the New Zealand Defence Force would receive no funding from the new levy. They would need to pay for their own fire services. This represents no change from the present situation. However, in recognition of their 'self-providing' role, further consideration would be given to whether the Department and the New Zealand Defence Force should be required to pay any levy or receive a discount.
- 11.7 To replace their current use of the Rural Fire Fighting Fund, contingency funding for the Department of Conservation's vegetation firefighting would also be addressed.

How much would the new system cost?

- 11.8 In principle the new system should cost less to provide the same services than the one it replaces. The prime reason for this is resource efficiency. In the long run, a single management system would be more efficient in allocating resources than 86⁴ management systems. Resources would be allocated according to a single set of priorities. This would avoid, for example, situations where separate urban brigades and rural fire teams sometimes operate from the same or similar locations.
- 11.9 In practice, however, there are many uncertainties around the likely future costs of a new FRS. Some of the key difficulties arise from gaps in knowing:
- the rate at which any Fire Authorities might decide to pass over their responsibilities to the FRS
 - the rate at which the FRS could absorb Fire Authority responsibilities
 - the size of any existing inadequacies in equipment or other facilities used for present vegetation fire management that would need to be made good by the FRS
 - the implications of establishing new standards across New Zealand for the provision of services, especially in regard to non-fire emergencies
 - the one-off transition costs of moving from one system to another.
- 11.10 Nevertheless, a useful starting point for the costs of the new system would be the actual level of expenditure incurred by existing public fire services. This is currently in the order of \$280-\$290 million per year (see Appendix A). While some questions arise about the potential for hidden costs in the rural fire sector, for example where local authorities may incur "fire" expenditure under a "roading" budget, the \$280-290 million figure provides the best available benchmark against which to assess the efficiency of the proposed model.

⁴ Note that this number is used for the sake of consistency with the first discussion document, *New Fire Legislation—The functions and structure of New Zealand's fire and rescue services*, but may not represent the actual number of Fire Authorities at the time of writing.

Uncertainties around transition costs

11.11 There are a number of uncertainties surrounding transition costs.

One-off transition costs for the new system

11.12 A large number of issues would need to be addressed during the transition period, both prior to and subsequent to the immediate changes. These would demand the attention of a change management team. At the same time there would need to be a significant management focus on maintaining the viability of current operations.

11.13 Key issues that would need addressing during the transition period would include:

- carrying out work on the establishment of jurisdictional boundaries
- resolving legal, financial and operational issues of the new organisation
- addressing personnel and employment issues
- developing new information management systems
- establishing agreements, protocols and service contracts between the FRS and other providers
- identifying national inventories of vegetation fire assets and liabilities
- establishing agreed processes around the transfer or disposal of Fire Authority assets and liabilities
- managing and administering the new levy system.

11.14 Given the range and complexity of issues to be addressed, these would require significant change management expertise, matched by equivalent financial resources.

Inadequacies in the existing system

11.15 Because there is no national register of vegetation fire assets and liabilities, it is presently very difficult to assess the adequacy or condition of Fire Authority resources. Making this assessment would be a major task. The capital costs for any potential upgrading required by the FRS would remain unknown until this had been carried out.

11.16 Although potentially large transition costs could be incurred, funding for them could be available from existing Fire Service levy resources.

Ongoing costs of the new system

11.17 The long-term concern is not so much with one-off transitional costs as with the likely nature of ongoing costs.

The ongoing costs for current New Zealand Fire Service Commission operations

11.18 Initially these would be the FRS costs of managing the current activities of the New Zealand Fire Service and the National Rural Fire Authority. Apart from the costs of transition arrangements there should be no special increase in operating costs for current activities. Nor is it envisaged that there would be any immediate change in the capital requirements for existing urban fire service operations.

Costs to the FRS for new vegetation fire responsibilities

11.19 In addition to the initial costs of transition, there would be ongoing transfer costs as and when Fire Authorities decided to transfer their responsibilities to the FRS. The speed of this process could vary between:

- a very slow transfer of responsibilities from Fire Authorities to the new service, which would mean a slow increase in costs to the FRS, but also a delay in the more efficient deployment of resources
 - a rapid transfer of responsibilities, which would involve a fast cost build up for the FRS, offset by immediate savings to Fire Authorities.
- 11.20 Under each scenario, therefore, there would be different impacts on the operating costs of the FRS versus Fire Authorities. Under either scenario there would be significant transfer costs for the FRS.
- 11.21 Where Fire Authorities transfer their accountabilities, the FRS would need additional resources to manage these. Initially the FRS might seek to employ some services of existing Fire Authority staff, or it might seek to contract their services indirectly. These new costs would partly be reflected in reductions in the costs to Fire Authorities.
- 11.22 Transfers from Fire Authorities to the FRS could involve some increases in system-wide operating costs, due to the need to establish and integrate new management systems. However, in the longer term there would be efficiency gains for the system as a whole. These would arise from:
- operational economies of scale
 - the integration of information and management systems
 - alternative and competitive sources of labour, such as from new contractors offering to provide services.
- 11.23 To the extent that Fire Authority capital assets may be insufficient or inappropriate for transfer, there could be capital investment requirements for the FRS in the short term. However, in the longer term a more efficient arrangement of resources throughout the country would allow savings to be made.

The need for new standards

- 11.24 New national responsibilities for non-fire rescue services would require the development of new standards. The FRS might need to invest in new equipment and operational facilities to achieve these standards. This might occur where current gaps exist, for example, in providing motor vehicle rescue capability in some relatively remote areas. These would represent new costs and would need to be justified through standard government processes.
- 11.25 These gaps in services are potentially the area in which the largest operational cost increases could occur. Such cost increases, however, would represent the cost for new services, rather than an increase in the cost of existing ones.

Future expenditure control

- 11.26 Where there are a number of uncertainties about future costs, the FRS would remain tightly bound by the public accountability mechanisms for Crown entities and by ministerial oversight. Annual budgets would need to be aligned with annual statements of intent and the FRS' subsequent performance would be available for public scrutiny in annual reports.
- 11.27 In preparing its initial budgets the FRS would need to allow for the extra costs of the transition, but any increases in annual operating budgets would need to be justified. Future levels of expenditure would reflect the levels of service required by the community, modified by the availability of resources.

Part C: Submissions

12 How to make a submission

How to make a submission

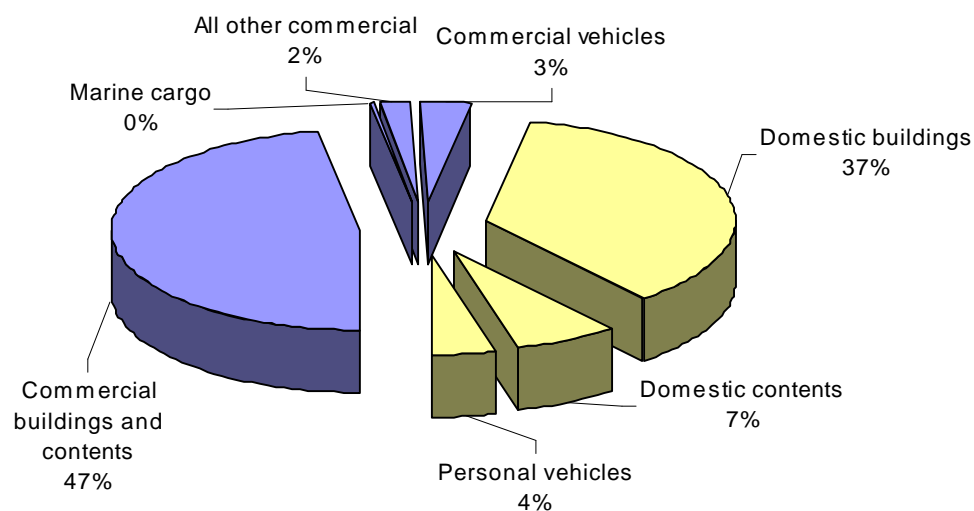
- 12.1 You may send us your submission in two ways:
- i) Post your comments to:
Fire Legislation Submissions
Fire Policy Team
Department of Internal Affairs
PO Box 805
Wellington
 - ii) Email your comments to: FireLegislationReview@dia.govt.nz.
- 12.2 Please comment on any aspect of the review that is important to you. In particular we draw your attention to the alternative options discussed in:
- Chapter 2 and Chapter 4, about whether Fire Authorities should be able to be reinstated in special circumstances (paragraphs 2.15-2.16, and 4.20-4.21)
 - Chapter 10, about the nature of the increases to the leviable base (paragraphs 10.18-10.23)
 - Chapter 10, about whether there should be a cap on the Fire and Rescue levy that would apply to residential dwellings (paragraphs 10.28-10.30, and Figure 10.1).
- 12.3 We welcome your views. Remember they need to reach us by **30 June 2007**.
- 12.4 The Department of Internal Affairs will publish all submissions on its website, unless you advise us of a good reason not to publish your submission.
- 12.5 Submissions to the Department may be required to be disclosed in response to any requests under the Official Information Act 1982.

Appendix A: The current funding system

Urban fire services

- A1. The New Zealand Fire Service Commission is funded from a levy based on property insurance values. The Fire Service levy applies to almost all property covered against fire risk. Presently the rate is 7.3 cents for each \$100 of insured value. There are limits on the maximum values on which the levy is assessed, which are:
- the indemnity value for commercial property (buildings and building contents)
 - a \$100,000 cap for private dwellings (giving a maximum annual levy of \$73)
 - a \$20,000 cap for personal contents (giving a maximum annual levy of \$14.60).
- A2. An annual flat levy of \$5.84 is charged for insured motor vehicles of less than 3.5 tonnes (motor vehicle insurance limited to third party cover does not attract a levy).
- A3. Figure A.1 shows the sources of the \$250 million Fire Service levy payments in the 2004/05 financial year, when the commercial sector paid 53 percent of levies and private households paid 47 percent.

Figure A.1: Sources of Fire Service levy (2004/05)



- A4. The underlying value of insured residential property on which levies are paid (\$124 billion) represents about 37 percent of the present total levied base of \$341 billion. It suggests that around 95 percent of private dwellings are insured.⁵
- A5. The available statistics do not allow this assessment to be made for the commercial sector. However, we know that many building owners choose either not to insure or to insure only to the value of their highest value buildings.⁶

⁵ By comparing the Fire Service levy take from residential properties with the total value of all residential property in New Zealand, we estimate that around 95 percent of such properties are insured. This result is consistent with previous surveys carried out by the Earthquake Commission (EQC). The high proportion is understandable—mortgage lenders require properties to be insured, and property owners without mortgages are usually highly motivated to protect their major assets.

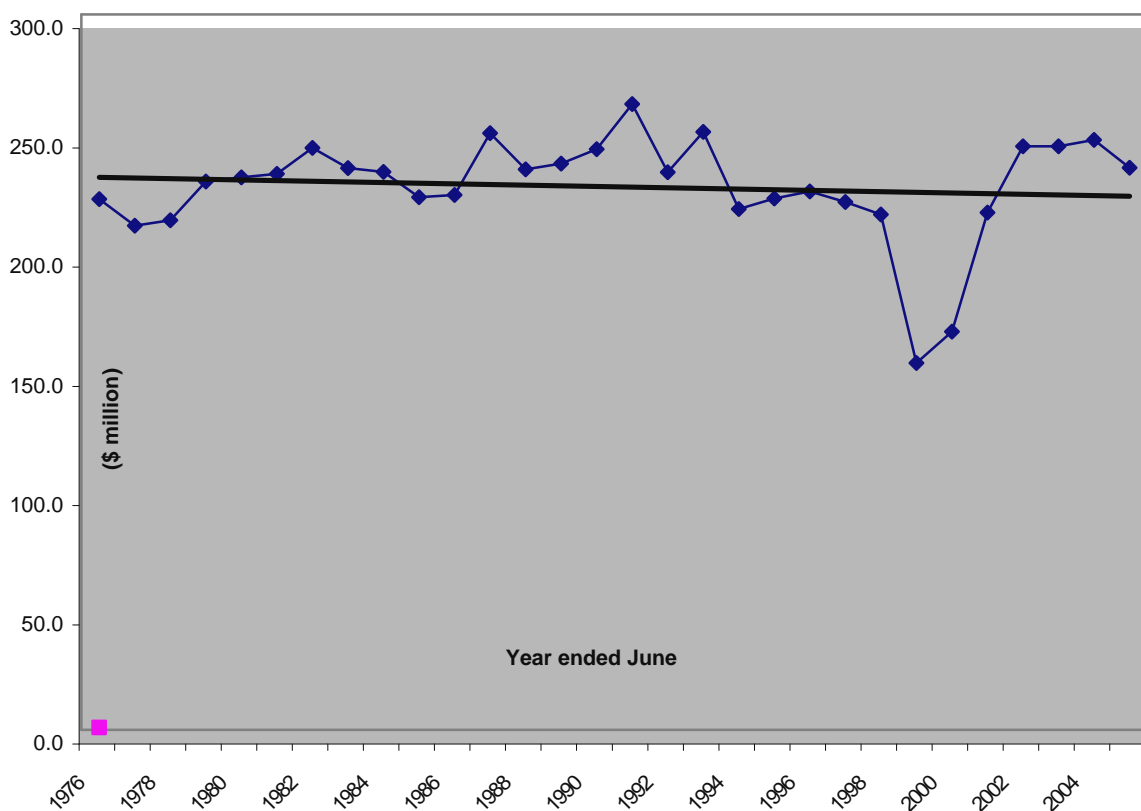
⁶ Such policies are known as 'first loss' policies, which are a legitimate form of insurance cover for building owners, but reduce the number of buildings contributing to fire service levies. This is one of the long-acknowledged equity problems with the insurance-based levy system.

- A6. Two kinds of commercial property—real property (land and buildings) and non-building commercial property—are levied. ‘Non-building commercial property’ means the contents of commercial buildings, and industrial plant and equipment. The percentages in Figure A.1 show an important difference in how much different types of property contribute. More levies are paid on non-building commercial property than on the buildings themselves.
- A7. These insured contents contribute as much as 30 percent of the total levied base, and they are not only a large part of the funding base but often a significant a source of fire risk. Faulty machinery and equipment, for example, can cause fires.
- A8. Because the levy is calculated only on insured value, the proportions of levy paid by each property type do not relate directly to risk or to patterns of incidents attended by the NZFS. For example, while about 18 percent of NZFS emergency response time is spent attending motor vehicle incidents,⁷ motor vehicles presently contribute less than 8 percent of Fire Service levies.

Expenditure levels of urban fire services

- A9. The real costs of urban fire services have been relatively stable over the longer term (Figure A.2). Since its formation in 1976, the New Zealand Fire Service Commission’s expenditure in 2005 dollars has been on an almost level trend, over a period when the population increased by about 30 percent, and total incident numbers by about 67 percent.⁸ Similar comparisons are not available for rural fire services.

Figure A.2: NZ Fire Service Commission expenditure 1976–2005 (in \$2005)



⁷ According to NZFS estimate completed in 2002.

⁸ Comparisons of incident numbers are those shown in Figure 2.8 in the first discussion document. Population data is sourced from the Department of Statistics 1976 yearbook and website information (www.population.govt.nz).

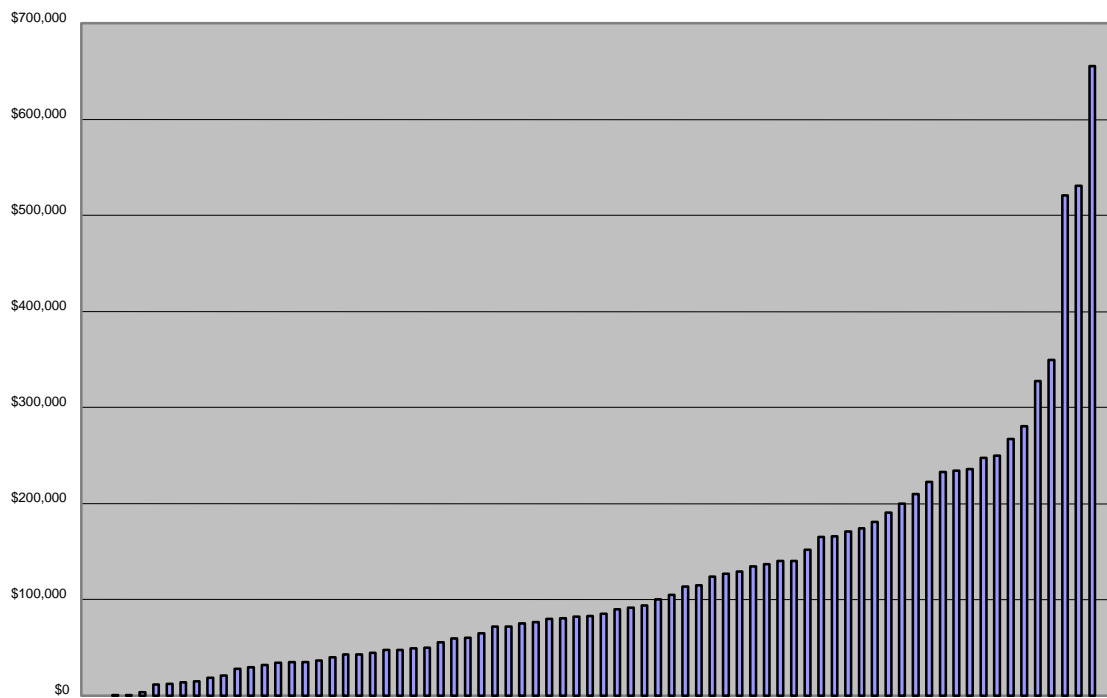
Rural fire services

- A10. Compared with the urban Fire Service, Fire Authorities have relatively low fixed costs and high marginal ones. Their services cost around \$30 million annually to provide and are funded from a wider variety of sources than urban services. These include:
- local authority rates
 - central government involvement (through the Department of Conservation and the New Zealand Defence Force)
 - recovery of firefighting costs from those who cause fires and from landowners
 - the Fire Service levy, which is used to:
 - meet claims on the Rural Fire Fighting Fund (\$2-4 million annually—but with no upper limit on claims)
 - pay for the costs of the National Rural Fire Authority (\$2-3 million annually)
 - make equipment grants made by the NRFA to Fire Authorities (\$1 million plus annually)
 - contribute indirectly to Fire Authorities via the “first hour” understanding, where the NZFS responds to “rural” incidents and does not charge Fire Authorities for the first hour of service provided
 - forestry companies’ resource contributions to Fire Authorities they belong to
 - private forest owners and industrial brigades that provide independent services.
- A11. The low cost of rural fire services depends to a significant degree on the readiness capability of urban fire services. The NZFS is able to respond quickly and arrive first at most rural fires. This capability effectively allows rural fire services to “borrow” the significant capital and trained personnel of the urban system, and thereby keeps their fixed costs well below what they would otherwise be.

Expenditure levels of rural fire services

- A12. Because Fire Authorities operate in widely diverse environments, with varying levels of risks, and because they have different levels of resources available, their expenditure varies greatly.
- A13. Figure A.3 illustrates the variability of expenditure by territorial authorities on rural fire management. The total expenditure of the 26 lowest-spending authorities amounts to little more than the expenditure by the territorial authority that spends the most.

Figure A.3: Territorial authorities expenditure on rural fire (2003/04)



Appendix B: Project contacts and information

Fire Legislation Review Project Team

B1. The Fire Legislation Review Project Team comprises:

Manager, Regulatory Policy Group	Joy McDowall	(04) 494 0671 Joy.McDowall@dia.govt.nz
Manager, Fire Policy Project Manager	Norman Preston	(04) 494 0542 Norman.Preston@dia.govt.nz
Team members	Mark McGuire Justine Dearsley Jeremy Hammington Colin Ross	

Project email address

B2. The project team's email address is FireLegislationReview@dia.govt.nz.

Project information

B3. You will find project information on the Department of Internal Affairs website: <http://www.dia.govt.nz> under 'What's new?' and 'Review of Fire Legislation'.

Project Advisory Group

B4. The Project Advisory Group comprises:

- the Department of Internal Affairs
- the Department of Prime Minister and Cabinet
- The Treasury
- the New Zealand Fire Service Commission
- Local Government New Zealand.

Appendix C: Glossary

ACC	Accident Compensation Corporation
CDEM	Civil Defence Emergency Management
CEG	Co-ordinating Executive Group
EQC	Earthquake Commission
FRFA	Forest and Rural Fires Act 1977
FRS	Fire and Rescue Service
FSA	Fire Service Act 1975
LGA	Local Government Act 2002
NRFA	National Rural Fire Authority
NZFS	New Zealand Fire Service
TA	Territorial Authority
UFBA	United Fire Brigades' Association