



New Zealand Institute of Forestry

Te Pūtahi Ngāherehere o Aotearoa Incorporated

Submission for the Consultation on the Fire and Emergency Levy Settings For 2026—2029

Part 3 Levy Consultation
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Introductory Comments

Thank you for the opportunity to lodge a submission on the proposed changes to the Fire and Emergency fire levy settings for 2026-2029

About the Submitter

The New Zealand Institute of Forestry (NZIF) was founded in 1927. It has approximately 900 members who are individual professionals in forestry. The NZIF's objectives are to advance the forestry profession in New Zealand and to be an independent advocate for forestry. The NZIF is committed to serving the practice of forestry and the broader community through education, accountability, its code of ethics, and performance standards. NZIF members are involved with the management of all forest landscapes, plantations, and natural, conservation, protection, and commercial areas. The members' qualifications and areas of expertise reflect the diversity of disciplines involved in managing all types of New Zealand forest resources, from traditional forestry degrees to science, economics, law, microbiology, hydrology, engineering, and resource management.

NZIF operates a regulated registration scheme that controls the registration and conduct of forestry professionals, whether they are consultants providing forestry advice to public and private entities or acting in other roles.

General Comments Regarding this Submission

- (1) The NZIF has a standing Fire Committee to consider fire management-related activities in the forest and rural landscape. This Committee is represented on the Forest Owners Association/Farm Forestry Association Fire Committee, the Australia/New Zealand Forest Fire Management Group, and the Global Wildland Fire International Liaison Committee. This allows regular information sharing between critical stakeholder groups across country boundaries.
- 2) Plantation forestry owners contribute significant ongoing investment to protect forests through the annual industry investment of approximately \$11 million into fire protection operating costs. The forestry sector maintains a dedicated fire-fighting resource inventory and have in-forest over 215 trained IMT members, 900 trained crew leaders/forest firefighters and have access to more than 300 in-forest heavy bulldozers and excavators¹.

¹ 2022 Quantifying Forest Industry Investment in Fire Risk Management Study

Submission Introduction and Summary

Fire and Emergency NZ (FENZ) is seeking feedback on proposed changes to the Fire and Emergency Fire Service Levy (FSL) settings for 2026-2029. For the Government to make a change under Section 143(1) of the Fire and Emergency NZ Act 2017, the Minister of Internal Affairs must be reasonably satisfied that subsections (2) to (4) have been complied with before the Minister makes a recommendation under section 142(4). Under Sections 142(2) and 143(3) FENZ is required to:

- 1) Describe the activities that FENZ proposes to undertake in the period; and
- 2) Set out the estimate of FENZ's net costs and the proposed rates of levy; and
- 3) Set out the methods and any assumptions leading to the estimate and to the proposed rates of levy.

The FENZ 2026-2029 Fire Levy Consultation Document (Version as at April 8th, 2024) has failed to provide sufficient details on the methods and assumptions used to define the estimate for FENZ's net costs relating to the activities FENZ proposes to undertake for 2026-2029. Sections 2 to 7 in the Consultation Document only summarise the FENZ proposed inputs and how they have set the fire levy rate for the different groups.

The Consultation Document also lacks the necessary detail to quantify what outputs and outcomes will be delivered for the \$2.7 billion in 2026-2029. In addition, no reference is made to any projected tangible performance measures that will be in place to ensure that value for money is provided and that the functions involved are delivered in a timely manner. Given these concerns, NZIF has chosen to submit a written submission on the Fire Levy Consultation Document outlining its concerns and not complete the FENZ survey questions in the Consultation Document, given it lacks the necessary means to allow a full expression of the concerns regarding the proposed changes to the FSL settings.

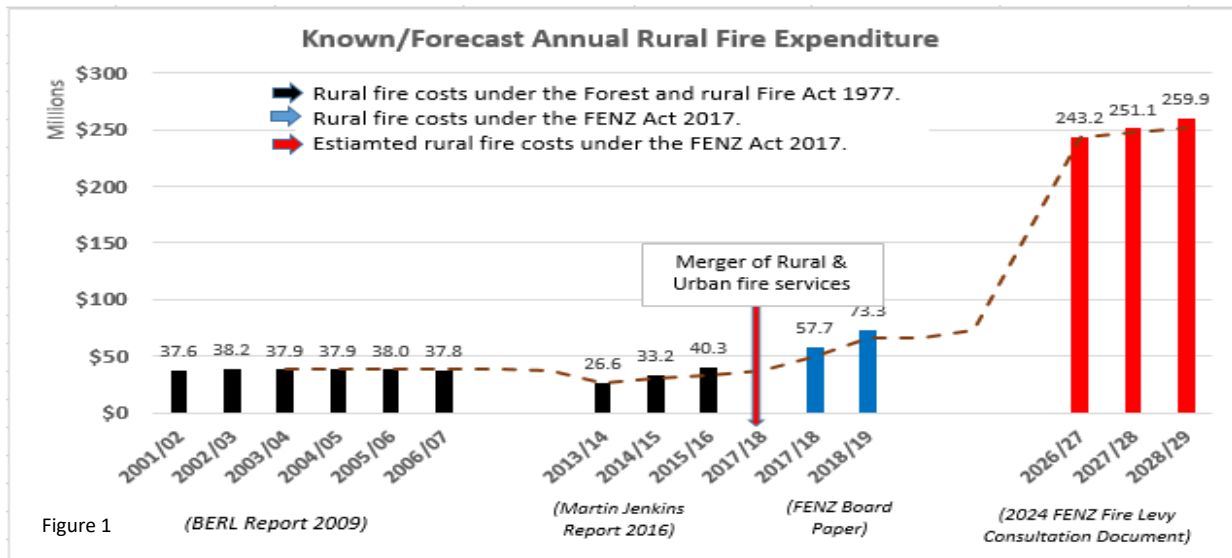
Background

When FENZ was set up in 2017 by integrating urban and rural fire services, the changes required a \$112 million capital injection for transition to the new organisation over four years from July 2017. FENZ gained approval from the Minister of Internal Affairs to repay this capital injection through a forty percent increase in the fire levy on property insurance policies. Officials also advised the government that in approving this merger, the identified efficiencies would produce potential savings of \$47m in year five. Government expectations have clearly not been met. Instead, in the last six years, annual funding for FENZ rose by \$223 million, and last year, FENZ proposed a further 12.8% increase in the Fire and Emergency Transitional Levy. The previous Government agreed to this, and the increase will take effect on 1st July 2024 unless the current Government rescinds that approval.

In early April 2024, FENZ released a Consultation Document outlining the Fire and Emergency Levy 2026-2029 settings. For that levy period, FENZ is proposing to collect a further 5.2% of levy revenue to cover their costs, in addition to the amount they will receive from 1 July 2024. In seeking support for a 5.2% more levy revenue and reducing the exemption on some property types, FENZ has also failed to explain in the Consultation Document what the estimated FSL income will be from the proposed list of property insurance that will no longer be exempt for the FSL.

For the management of fire in the forest and rural landscape, a concerning element outlined in the Consultation Document is FENZ has indicated an annualised cost from 2026 of \$250.3 million for vegetation fire response as a component of the annualised cost of \$898 million. The document provided no detailed breakdown of the \$250.3 million for vegetation fire response or the methods and any

assumptions that influenced this \$250.3 million estimate. Before the urban-rural merger in 2017, a Martin Jenkins review report shows the cost of rural fire services for a three-year “normalised” annual operating costs (direct and in-kind costs) for ERFDs, RFAs, and forestry companies, before 2016 was \$35 million. This is comparable to BERL's estimate on the economic costs of wildfires in New Zealand study commissioned by the National Rural Fire Authority in 2009. To support this sevenfold increase in annual spending in rural fire response since 2017, FENZ has stated publicly and to the Parliament Governance and Administration meetings on several occasions that one of the key reasons this increase in overall rural fire expenditure has occurred was there was not a ‘good line of site’ on rural fire costs in 2017. Such statements need to be challenged, given the findings of the BERL 2009 and the Martin Jenkins 2016 report would state otherwise (Figure 1).



FENZ Consultation Document

The FENZ Consultation Document appears to raise more questions than provides answers. For example, the forest and rural landowner stakeholders are allocated a disproportionate share of the proposed three-year budget of \$2.694 billion. In the document, the function for vegetation fire response is costed at a normalised annual cost of \$250.3m each year (28%) versus \$189.7m (21%) for structural fire response functions. If you examine the 2021/22 number of incidents (Figure 2)²², vegetation fire incidents account for 5.5% of the total incidents. False alarm incidents involve 34% of total incidents. The Consultation Document also fails to outline the critical individual components used in the costing allocation



²² FENZ Annual Report 2021/22

methodology, which directly attributes response costs to separate activities and then allocates readiness costs and corporate overheads to the activity groups proportionately in line with response costs for incident types.

If the changes outlined in the Consultation Document are implemented, forest owners with tree crop insurance policies will now pay a fire service levy on those insurance policies. Some forest owners with tree crop insurance also incur an annual fire response cost by owning forest fire equipment and training forest firefighters and fire managers. A further question regarding the fire protection of Public Crown Lands could be asked as to what percentage of the \$250.3m Vegetation Fire Response will be funded by the Department of Conservation. The Consultation Document is silent on this key question given the impacts of unwanted fires on Public Crown Land since 2017.

As a result of numerous OIA requests and written questions from the Parliament’s Governance and Administration Select Committee, FENZ has failed to confirm the annual cost of the delivery of its services in the management of fires in the forest and rural landscape. Yet, the information in the Consultation Document stated that providing a fire response capability to vegetation fire for 2026 to 2029 will cost between \$243m and \$260m.

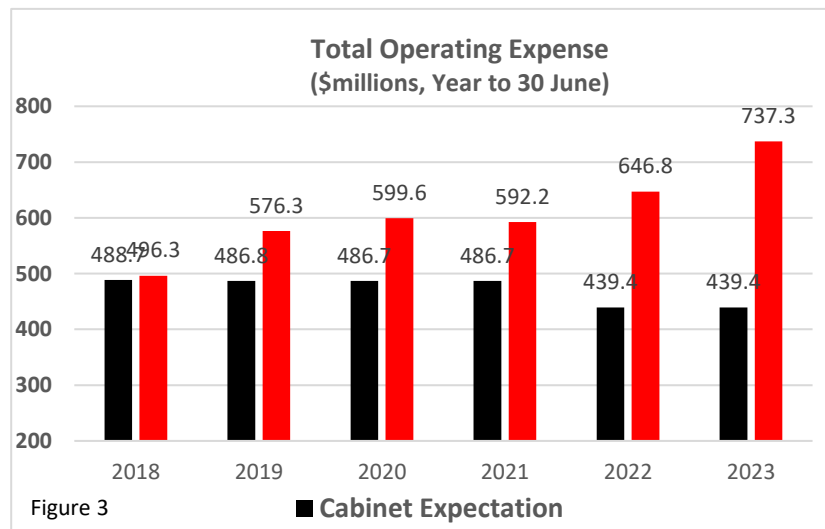
A further failure of the Consultation Document is that there is no indication of the expected FSL income for FY2026/27 for each of the four insurance categories, ie., Motor Vehicles, Residential Property, Personal Property, and Non-Residential Property. A further concern is that no indication is provided in the Discussion Document for an estimate of the FSL income on property types that will no longer be exempt from paying the FSL.

Expenditure and Performance Concerns

Fire levy expenditure since 2017 has increased from \$389 million to \$737 million in 2022/23³. The following graph (Figure 3) shows the planned annual expenditure agreed upon by the Government in 2016 when approving the merger of the urban Fire Service and rural fire authorities.

Before 2017, the annual cost for the management of fire in the forest and rural landscape by Rural Fire Authorities was well

understood by all Rural Fire Authorities (RFA’s). Under that rural fire structure at that time, each RFA was also required to report against a set of Key Performance Indicators (KPIs) each year to the National Rural Fire Authority (NRFA). These KPIs are included in Appendix A. The NRFA had a legal requirement



³ 2024 Taxpayer Union Report “Up in Smoke”.

to assess the performance of RFAs and to advise whether the RFA performance was acceptable. Each RFA was also required to track and show the annual KPI trends. Before 2017, no serious concerns were held about the performance of RFAs.

Since 2017, FENZ has been unable to provide stakeholders with a breakdown of the critical elements to assess the impacts of unwanted fires in the forest and rural landscape. An example of this shortcoming is the response from FENZ to several written questions from Parliament's Governance Select Committee.

- (1) What were the number of unwanted fires that originated within plantation forests attended by FENZ for the FY2021/22, what was the location, and what was the area of forest burnt for each fire?

FENZ Response: Fire and Emergency does not record data specifically relating to plantation forests.

- (2) What was the number of unwanted FY2021/22 fires that forest owners attended that originated outside the boundaries of plantation forest lands, and what was the cost for each incident?

FENZ Response: Fire and Emergency does not record data specifically relating to plantation forests.

- (3) For the FY2021/22, what was the area of land burnt from rural landscape wildfires by?
 - a. Public Conservation land,
 - b. Planted forest land,
 - c. Wilding trees lands; and
 - d. Other rural lands?

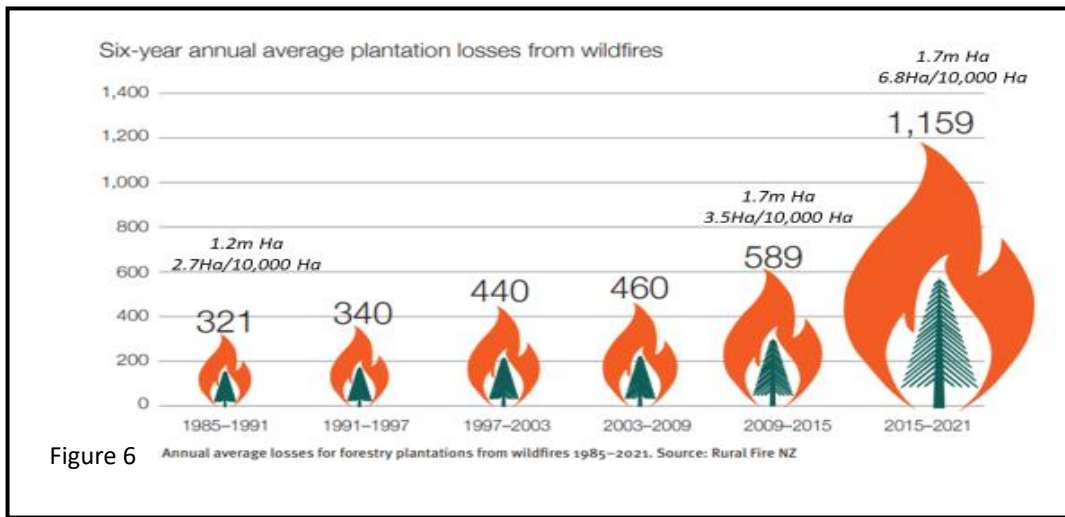
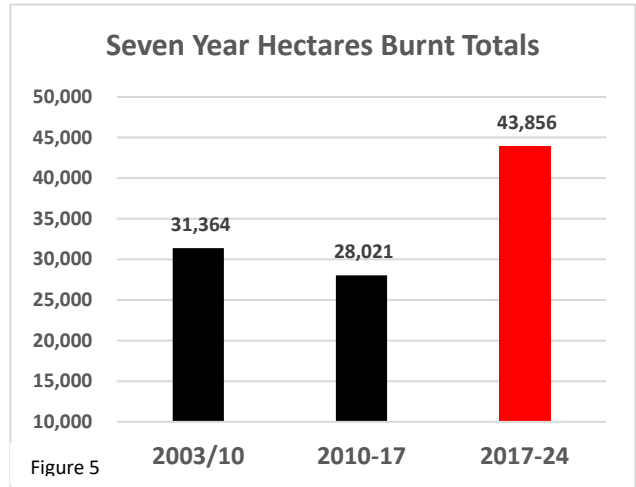
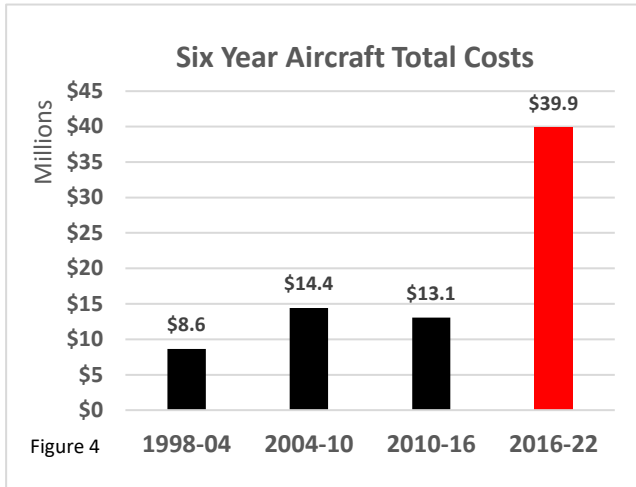
FENZ Response: Fire and Emergency utilises various data and spatial mapping tools to provide intelligence across our business. Currently, data on national planted forest land, wilding trees land, and other rural land is not readily available to us to provide an accurate response to the question.

Forest and rural stakeholders have not been well informed about the number of unwanted fires, the area burnt by vegetation types, and the costs incurred by FENZ in managing fire in the forest and rural landscape. Yet we are now informed by the FENZ Consultation Document that the annualised vegetation fire response cost for the three years from 2026/27 is \$250.3 million. From the FENZ limited data available for the management of fire in the forest and rural landscape, Figure 4 and Figure 5 outlines the increased FENZ expenditure on aircraft at vegetation fires and the increasing area burnt from wildfires.

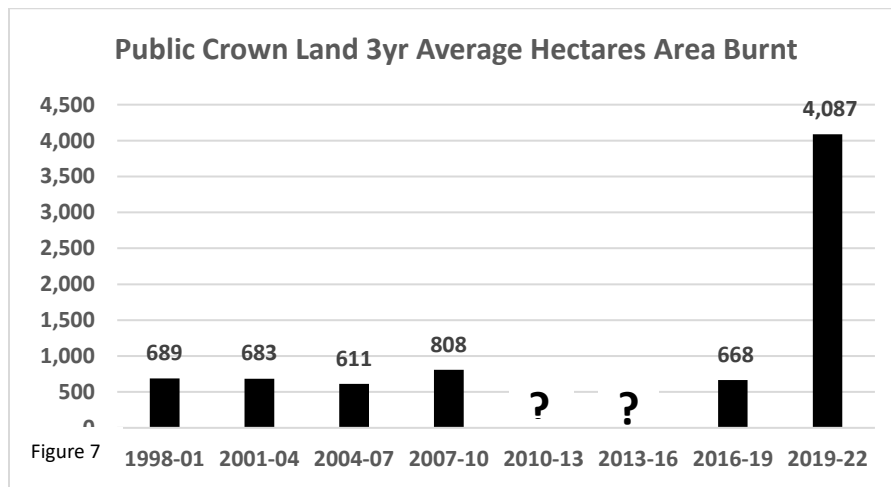
Placing urban fire commanders in charge of managing unwanted fires in our forest and rural landscape since 2017 has increased costs. Given the lack of currency in forest and land management skills, this approach has also seen an increase in the area burnt by unwanted fires. Serious concerns are held regarding the lack of forest and land management skills when urban fire commanders manage rural vegetation fire incidents and become too reliant on helicopters to suppress these unwanted vegetation fires.

Before 2017, Rural Fire Authorities were well-positioned to undertake their rural fire responsibilities for an annual cost of less than \$36m. Under this decentralised rural fire structure, we saw the annual area burnt from unwanted fire trending downwards for the previous decade (Figure 5)⁴.

⁴ OIA Requests to FENZ



Under FENZ management, we have also seen significant increases in planted plantations lost from unwanted fires since 2016 (Figure 6). In addition, the area of Public Crown Lands burnt by unwanted fires has also seen a massive increase (Figure 7).



Increase in Management of Support Staff since the merger in 2017

FENZ management and support staff has increased. Since 2017 we have seen a 69% increase in FENZ management and support staff, from 672 to 1,138⁵. This increase in management and support staff appears to have only increased the costs involved in the management of fire in the forest and rural landscape compared with the annual cost for the rural fire structure in place before 2017.

2016/17



2022/23



Management of Fire in the Forest and Rural Landscape - Line of Site

Rural communities, forest, and rural stakeholders have seen significant increases in the number and size of rural fires since 2016. Annual average losses to unwanted fires for planted plantations almost doubled from 600 Hectares to 1,160 hectares in just six years. Large wildfires in Crown and other rural

⁵ FENZ Annual Reports 2016/17 & 2022/23

lands have increased in frequency and severity. We believe the most critical factors driving these very negative changes are the management skills arising from the differing nature of vegetation fires in the countryside compared to structure fires in cities and towns.

Before the formation of FENZ in 2017, rural fire stakeholders made up a decentralised community-based, cooperative, and largely self-funded approach to land management and fire suppression, sharing people and equipment. Working with farmers, foresters, forestry companies, local government, and the two government agencies with extensive rural landholdings, the Ministry of Defence and the Department of Conservation, drove long-term reductions in the areas affected by wildfire and strong discipline around the cost of fire suppression. These positive trends have now sadly reversed.

There were two studies on the economic costs of vegetation wildfires in New Zealand in 2009 and 2017. The National Rural Fire Authority commissioned a BERL study in 2009 to study the economic costs of wildfires in New Zealand. The results of the 1987 BERL readiness costs for 2002-2007 are outlined in Table 1.

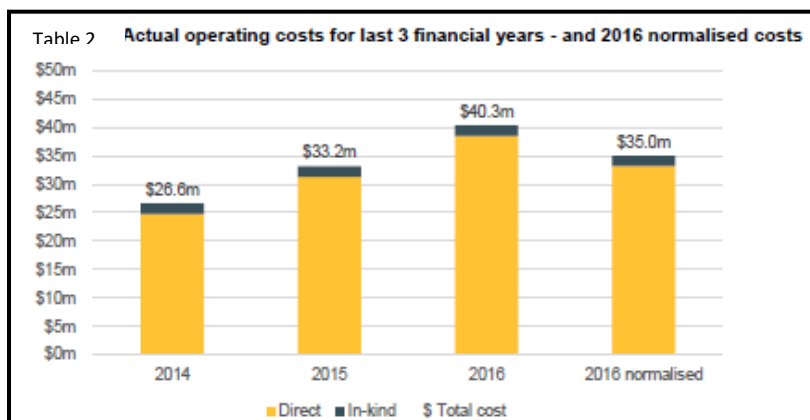
Martin Jenkins prepared a report in 2017 that analysed the baseline fire costs of servicing New Zealand’s rural sector. The primary purpose of this cost analysis was to inform the setting of the Fire Service Levy for 2018/19 and the development of FENZ operating budgets for the 2017/18 financial year. (Table 2). The scope of the study included estimating costs related to rural fire mitigation and protection incurred by three different types of entities and included:

- 12 enlarged rural fire districts (ERFDs) (Each ERFD had a Governance Board of stakeholder representatives)
- 26 rural fire authorities (RFAs) (including Territorial Authorities in their capacity as RFAs)
- Forestry companies.

Table 5.4 Pre-suppression costs, 2002-2007 (\$m)

\$m	TAs	DOC	NZFOA	Total
2002	10.4	4.6	22.7	37.6
2003	10.8	4.7	22.6	38.2
2004	10.9	4.6	22.5	37.9
2005	11.0	4.6	22.3	37.9
2006	11.3	4.5	22.2	38.0
2007	11.3	4.4	22.1	37.8
Total	65.7	27.4	134.4	227.5

Table 1 Source: BERL



Both studies have a comparable annual cost of approximately \$35m for rural fire protection.

Since FENZ was established, there has been a decreasing emphasis on land management as the primary tool for reducing the incidence of rural fire. Instead, there has been an increase in fire suppression strategies and tactics

reflecting the dominance of FENZ by urban fire commanders and firefighters. Approaches to preventing and fighting wildfire and urban firefighting overlap but are not identical. Increasingly, rural fire stakeholders' cooperative sharing of equipment and people has been overshadowed by greater

emphasis on the use by FENZ of expensive equipment and other asset-heavy tools to support urban firefighting tactics and strategies in rural areas. This includes a far greater use of helicopters in fire suppression. Helicopters are an essential firefighting tool but are most effective at suppression in the first stages of a wildfire. That effectiveness declines significantly as a fire develops, and its overuse has steep financial, ecological, and human costs. There has also been a trend to shut down rural fire suppression at night, allowing fires to build when night-time suppression is often more effective than daylight hours.

Two recent large wildfires illustrate the importance of land management. In 2020, at Lakes Pukaki and Ohau in the McKenzie Basin, these fires received national media attention but would have been much smaller without the increased presence of wilding pines. Their increasingly destructive influence reflects repeated failures by governments to spend money on elimination, a factor only belatedly recognised in recent years and not through any initiative by FENZ. FENZ can't attribute and excuse increases in the cost of fighting fires to the weather or the climate—quite the reverse. In the last 60 years, the critical indicators of fire danger, the fuel available for combustion at an intense level, and measures of fire spread potential have been stable or seen a nominal decrease⁶.

Changing wind trends, increasing rainfall along the Southern Alps, and more La Nina rather than El Niño systems in the last 20 years have brought higher average rainfall in the traditionally dry eastern parts of New Zealand; the primary reason for this relative stability in fire danger.

The NZIF has several concerns regarding the current performance of FENZ in the activities involved in the delivery and reduction of the number and consequences of unwanted fires in our forest and rural landscape. To address these concerns, the Minister of Internal Affairs should urgently undertake an independent post-implementation review of merging the urban and rural fire services into one entity in July 2017.

Conclusions

It's hard to justify any increase when, by FENZ's own standards, they have not been wise custodians of rapidly expanding budgets. When FENZ was set up in 2017, it cost \$112m to integrate urban and rural fire services, and the benefits would produce \$47m in annual savings within five years. Instead, in the last six years, FENZ's annual funding rose by \$223m, and just last year, they asked for, and the previous government agreed, a further 12.8% increase in the Fire and Emergency Transitional Levy.

By comparison, FENZ's current request to the Minister for a further 5.2% increase in the levy looks like a conversion to relative fiscal sobriety. From the NZIF Forest Fire Committee's expertise in rural fire, this is no exaggeration. The case for a further 5.2% levy increase included a prediction that the annual cost of responding to vegetation fires from 2026 will increase to \$250.3 million. This is an increase of \$225 million in ten years.

Recommendations

The NZIF recommends that:

⁶ 2021 Report - The impact of recent climate on fire danger levels in New Zealand

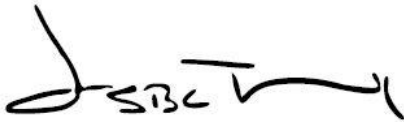
- 1) Any further increases to the FSL not proceed until FENZ provides a full breakdown of the \$751 million of proposed expenditure on its rural fire response for 2026-2029; and
- 2) FENZ provides a set of KPIs that will be used to measure the performance in the delivery of these services against those KPIs; and
- 3) FENZ provided an estimate of the FSL income generated from the proposed list of property insurance that will no longer be exempt from the FSL; and
- 4) An independent post-implementation review be undertaken to examine the current structure of the urban and rural fire services merger into one entity in July 2017 and whether it remains fit for purpose.

General Comments

NZIF would like to thank you for the opportunity to submit on this consultation. We would welcome any opportunity to provide further clarification in relation to the points we have made in the body of this submission.

If you have any queries, please contact the undersigned.

Yours sincerely,



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Rural Fire Authority Key Performance Indicators

Key Performance Indicators (KPIs) for Rural Fire Authorities

Appendix A

Key Performance Indicators (KPIs) are incorporated into the NRFA PAC Category 7 [Results & Outcomes] requirements from 1 July 2011. RFA's will be required to report on each KPI through Category 7 of the PAC, and to track these annually showing trends (graphed) over time.

OBJECTIVES & INDICATORS [A – D. National Outcomes]		
Objective	Indicator	Rationale
A Reduced loss of life and injuries.	A1 Number of Fire deaths	Safety first. Of primary purpose to the sector and important to the community. A publicly identifiable measure of the impact of fire. RFA's can capture & report on through their own fire reporting.
	A2 Number of Fire injuries	
B Reduced economic loss.	B1 Number of primary dwellings destroyed by wildfire	Primary versus habitable dwellings. Number or % of exposed structures destroyed versus those saved. RFA's can capture & report on through their own fire reporting.*
	B2 Percentage of area of high value/high risk zones burnt by wildfire.	Asset protection zones are important for risk assessment. Defining the land from a community value perspective. Further work is required at a National level, to determine these zones for all of NZ. Identified in the RFA's Wildfire Threat Analysis and adopted into fire management plans. RFA's can capture & report on through their own fire reporting.*
	B3 Percentage of area of commercial plantations burnt by wildfire, per total area.	Deemed to be of high commercial and environmental value. National Forest Inventory can be used annually to determine amount of plantation that exists. RFA's can capture & report on through their own fire reporting.*
	B4 Number of live stock killed by wildfire.	Deemed to be of high value to farmers, land managers and the community. RFA's can capture & report on through their own fire reporting.*
	B5 Metres of fencing destroyed by wildfire.	
C Reduced damage to the environment, heritage and cultural assets.	C1 Number of cultural and heritage sites damaged by wildfire.	Represents value other than monetary to communities. Measuring losses to significant national assets. These will be Registered sites. Significant national assets require protection. Key word is "damaged" rather than "burnt" as fire may not impact on values. RFA's can capture & report on through their own fire reporting.*
D Number of preventable fires are Reduced.	D1 Area burnt (hectares) in wild fires by vegetation type, as % of per total area (hectares) of the Fire District.	Primary purpose of the sector and important to the community and the sector. Specific and Measurable. D1=Vegetation wild fires only. Vegetation Type to be determined by National classification. RFA's can capture & report on through their own fire reporting.*
	D2 Number of reported non-permitted fires, during a restricted fire season, as %, versus the total number of reported fires in the Fire District.	



OBJECTIVES & INDICATORS [J – M. RFA Local Operational]		
Objective	Indicator	Rationale
J Effectively establishing Daily Fire Danger and Fire Season Status.	J1 The RFA's trigger points for Readiness (as linked to the NZ Fire Danger Rating System numeric codes & indices) are in defined in the fire plan.	<p>Measured by the total number of days trigger points are met versus the number of days the RFA has in Open, Restricted or Prohibited Fire Season Status. Tracked with trends over time.</p> <p>Use of these Trigger Points to establish daily Readiness levels and setting of fire danger status in the Fire District.</p> <p>RFA has systems for notifying Daily Fire Danger Levels and Fire Season Status to the public, neighbouring RFA's and the NRFA.</p> <p>A measure of how effective the RFA is in establishing fire season status to match fire danger levels.</p>
	J2 The total number of days by year the RFA is in Open, Restricted and Prohibited fire season status, recorded as a % against the number of days at each trigger point level.	
K Learning from Fire Incidents.	K1 Formal Fire Debriefs for all fires [Category > 1.0ha], are held within 30 days of the fire being declared out. Written debrief records of recommendations / actions.	<p>To develop and implement learning's with recommendations as a result of fire events.</p> <p>Improved operational fire management outcomes.</p> <p>Share these, and apply other emergency incident findings as appropriate.</p> <p>Tracked with trends over time.</p>
L Knowledge of Fire Use.	L1 The number of Fire Permits issued each year by the RFA.	<p>Use of fire is known and related data and information is captured.</p> <p>Allows RFA to manage processes for meeting needs of stakeholders and the public in use of fire as a land management tool.</p> <p>Maintain Data, Information and Knowledge on the use of fire in the fire district, and the % of escapes of permitted fires.</p> <p>Permitted fire means a fire which the RFA has issued a Fire Permit for, during a Restricted or Prohibited fire season.</p> <p>Area Burnt by Type:</p> <p>a) Land Conversion - one type to another e.g. forestry to farming, horticultural</p> <p>b) Fuels Treatment - e.g. stubble burning, fuels reduction for fire protection.</p> <p>Improvements in the use of fire as a land management tool. Tracked with trends over time.</p>
	L2 The number of escapes reported to the RFA from RFA Permit Fires.	
	L3 Total area burnt each year by Prescribed Fire [permitted] in Restricted or Prohibited [special permits] fire seasons.	
	L4 Area burnt in each year by type: a) for Land Conversion; and b) Fuels Treatment.	
M Maintain Operational Readiness for fire suppression operations.	M1 Fire pumps tested and meet the manufacturers specifications for performance, at a minimum of 12 monthly intervals.	<p>RFA maintains a state of Readiness with fire equipment, protective clothing, and competent fire fighting personnel.</p> <p>By measuring and tracking performance over time this will assist the RFA in maintaining Readiness levels and identify for the RFA areas where improvements and other opportunities can be made.</p>
	M2 Number of fire fighting personnel achieving NRFA training standards by role as a % of the RFAs target number for each fire fighting role.	