



Fact sheet

Assessing the cost of rural fire

Getting a good understanding of rural fire costs is important for Fire and Emergency New Zealand (FENZ) because it will be paying for all fire crews and their work; both rural and urban.

The cost for Fire and Emergency New Zealand to provide rural fire services has been assessed as **\$29.3 million** per year.

A quick overview of the analysis

The \$29.3 million figure is based on an independent analysis of 2016 financial data from Rural Fire Authorities (including Enlarged Rural Fire Districts), Territorial Authorities, and major forestry companies.

A full copy of this analysis can be found in the Rural Costs Assessment report found here: www.fenzproject.co.nz/toolkit/key_documents

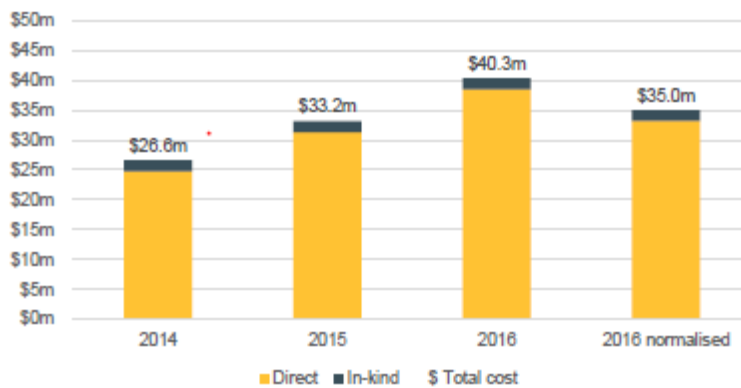
Independent analysis undertaken by MartinJenkins assessed the total 2016 annual operating cost for Rural Fire Authorities (including Enlarged Rural Fire Districts) and forestry as **\$35 million** (+/- 10%).

Fire costs borne by the Department of Conservation and the NZ Defence Force were not included in this analysis as they will not transfer to Fire and Emergency New Zealand.

Once a number of factors, including depreciation and forestry fire control costs, are removed, this leaves a total ongoing cost for rural fire services of **\$29.3 million**. This is the amount Fire and Emergency New Zealand will cover from 1 July 2017.

Cost of servicing rural fire – operating costs

Figure 2: Actual operating costs for last 3 financial years - and 2016 normalised costs

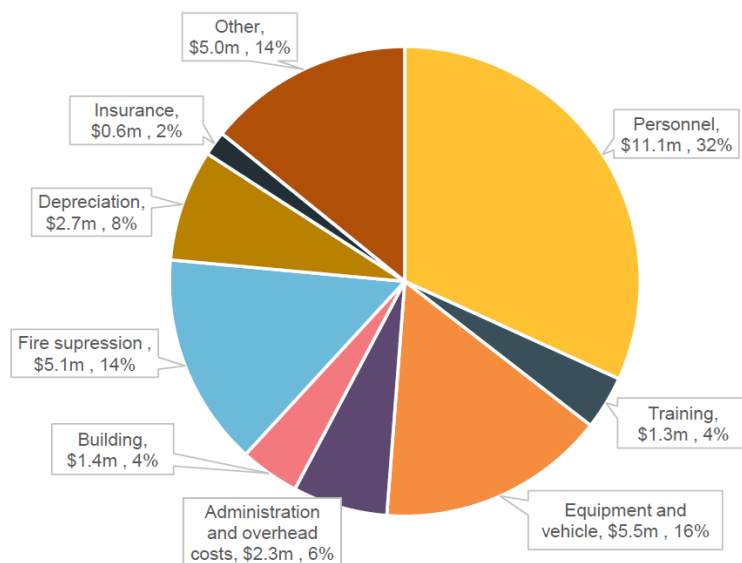


Note: in-kind costs were collected for the latest year only – but have been applied to earlier years on the same basis.

Costs by Category

All identified costs of servicing rural fire have been included.

Figure 2: 2016 normalised operating cost by cost category, for ERFDs, RFAs and forestry companies (total \$35m)

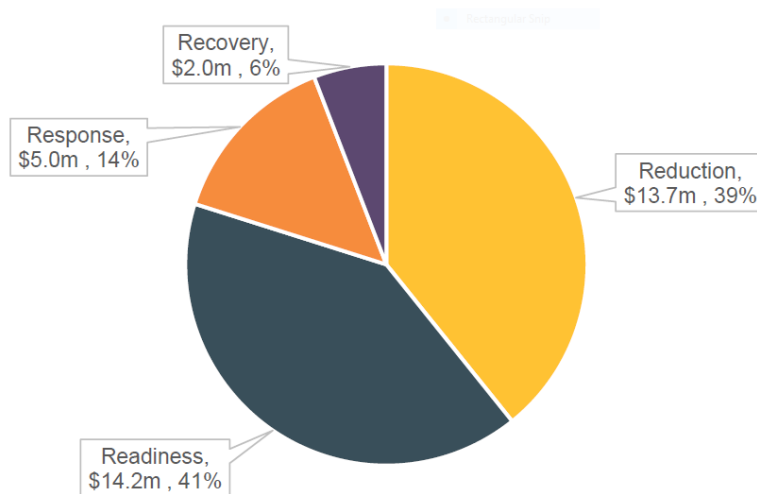


Note: Insurance costs in the 2016 normalised figures exclude \$712,000 of premiums for fire suppression cover.

Costs by the 4Rs

These statistics are based on estimates made by Principal Rural Fire Officers as well as overall percentages calculated by the project team.

Figure 11: 2016 normalised costs of \$35m shown by the 4 “R”s



Questions and answers

Why is the cost of rural fire services important?

A: One of the main findings from the Fire Service review is that our fire service needs proper funding – particularly in rural areas – so having this robust assessment is essential to inform the setting of budgets for Fire and Emergency New Zealand.

What happened to the old estimate of \$22 million for rural fire costs?

A. The previous estimate of \$22 million did not cover all the factors included in the new assessment. The new assessment is more comprehensive.

How will Fire and Emergency New Zealand cover the higher cost of rural fire?

A. Once adjusted to compare costs that will be met by Fire and Emergency New Zealand, there is only a \$900,000 difference between the \$22 million and the \$35 million estimates. This difference can be built into the budget for Fire and Emergency New Zealand. A breakdown of how this difference is calculated is below.

\$900,000 difference explained

Previous rural cost estimate

\$22 million
rural cost estimate

+

\$3.3 million
rural grant
assistance

+

\$3.1 million
campaign fires

= \$28.4 million total

New rural cost assessment

\$35 million
rural cost
assessment

+

\$4.7 million
fire suppression
costs

+

\$0.8 million
inflation 2 years

minus

\$6.6m Forestry company
fire control costs
\$1.5m Admin already
budgeted
\$2.7m Depreciation
\$0.5m Insurance already
budgeted

= \$29.3 million total

Contact information

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