



GUIDE FOR LEVY PAYERS

INTRODUCTION

The Fire and Emergency Levy (the levy) provides around 97 percent of the funding for the operations of Fire and Emergency New Zealand.

The levy is payable on all contracts of fire insurance for property in New Zealand.

Use this guide to clarify information on the levy.

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LEVY TRANSITIONAL PERIOD

There is a transitional period for the levy under clauses 23–32 of Schedule 1 to the Fire and Emergency New Zealand Act 2017. These preserve the following levy provisions under the [Fire Service Act 1975](#):

- s 47B
- s 48 (6)–(13), but not s 48 (6)(a) and (b)
- ss 49-51A
- s 51C
- ss 53 and 53A
- schedule 3.

Schedule 1 to the Fire and Emergency New Zealand Act also preserves the Fire Service Regulations 2003, with the modification that every reference to the Commission is to be treated as a reference to Fire and Emergency New Zealand. See *Transitional period guidance for levy guidance*.

LEVY RATES

The following table identifies the Fire Emergency levy rates for contracts for fire insurance entered into or renewed:

On or after 1 July 2024:

If the insurance is for...	then the levy rates per annum are...
residential buildings and personal property	11.95c per \$100 insured Insured amounts capped at: <ul style="list-style-type: none"> • Buildings \$100,000 • Personal property \$20,000
motor vehicles (less than 3.5 tonnes)	\$9.53 (flat rate for each motor vehicle)
other property	11.95c per \$100 insured No capped insured amount

On or after 1 July 2017 and prior to 01 July 2024:

If the insurance is for...	then the levy rates per annum are...
residential buildings and personal property	10.6c per \$100 insured Insured amounts capped at: <ul style="list-style-type: none"> • Buildings \$100,000 • Personal property \$20,000
motor vehicles (less than 3.5 tonnes)	\$8.45 (flat rate for each motor vehicle)
other property	10.6c per \$100 insured No capped insured amount

Before 1 July 2017:

If the insurance is for...	then the levy rates are...
<ul style="list-style-type: none"> • residential buildings and personal property • other 	7.6c per \$100 insured Insured amounts capped at: <ul style="list-style-type: none"> • Buildings \$100,000 • Personal property \$20,000
motor vehicles (less than 3.5 tonnes)	\$6.08 (flat rate)
other property	7.6c per \$100 insured No capped insured amount

WHO PAYS LEVY AND WHEN IS IT DUE?

All policy holders who insure property in New Zealand against the risk of fire are liable to pay a levy.

Responsibility for calculating and making payment of the levy depends on how the insurance cover is being arranged as follows:

If...	then levy is payable by...
there is a New Zealand-based insurer underwriting the policy	the insurer (based upon the proportion of insurance).
there is not a New Zealand-based insurer underwriting the policy, but there is a New Zealand-based broker	The broker.
in all other circumstances	The insured.

The forms that should be sent with, or shortly after, the payment of levy by the insured are:

Situation	Forms required
When there is a contract of fire insurance covering property	<ul style="list-style-type: none"> • Form 2 • Form 3
Where there is a provision or reserve set aside to cover loss by fire or where there are any other arrangements similar to a contract of fire insurance	<ul style="list-style-type: none"> • Form 4 • Form 5

The levy is due on the 15th day of the second month following commencement of the policy. For example, if a policy covers the insurance period 30 June 2022 to 30 June 2023, levy is payable in full on 15 August 2022, regardless of when the premium is paid.

Fire and Emergency sends reminder letters to people who have previously paid levy. However, the calculation and payment of the levy ultimately falls on the party that is responsible for payment.

Payments

Payments can be made by direct credit to Fire and Emergency New Zealand's bank account:

Fire and Emergency New Zealand
 Bank of New Zealand
 North End Branch – Wellington
 02-0536-0062111-00
 SWIFT: BKNZ NZ22

Please ensure that the reference 'FEL' and your client number is included in the reference number. Contact us at FEL@fireandemergency.nz for your client number.

Please ensure that you email completed forms to us as soon as possible to accompany your payment.

The Statutory Declaration must be witnessed by a Justice of the Peace, a notary public, a person enrolled as a barrister and solicitor of the High Court or any other person authorised to witness a Statutory Declaration under the [Oaths and Declarations Act 1957](#).

Copies of these forms are downloadable from our website, fireandemergency.nz > [Levy payments and forms](#).

Common errors when calculating and paying levy include:

- calculating the levy due based on the premium rather than the indemnity value or amount insured
- not paying GST or not calculating GST correctly
- not calculating the levy in New Zealand dollars
- paying from offshore and not ensuring bank fees/costs are paid in full by the levy payer.

LEVY PAYABLE

Levy payable on motor vehicles

For levy payable on motor vehicles, see [Levy rates](#).

Definitions of the terms are in the [Land Transport Act 1998](#) and [Road User Charges Act 2012](#).

Levy on vehicles over 3.5 tonnes gross laden weight, is calculated in the same manner as 'Other property', see [Levy rates](#).

Levy payable on residential buildings and personal property

Levy is payable on property insured against the risk of fire, but residential buildings and personal property are subject to a limit.

[Schedule 1 clause 28](#) of the Fire and Emergency New Zealand Act 2017 provides that the amount for which the property is insured for the contract of fire insurance will be:

- a) In the case of residential building as defined in section 2(1) of the [Earthquake Commission Act 1993](#), the amount for which that building is insured pursuant to section 18 of that Act. See also Regulation 6 of Fire and Emergency New Zealand (Levy Rates and Information Requirements in Transitional Period) Regulation 2017.
- b) In the case of personal property as defined in section 2(1) of the [Earthquake Commission Act 1993](#), the amount for which that property is insured pursuant to section 20 of that Act. See also Regulation 6 of Fire and Emergency New Zealand (Levy Rates and Information Requirements in Transitional Period) Regulation 2017.

Clarification on the types of buildings which are subject to a limit are in the Earthquake Commission guide at eqc.govt.nz.

Levy payable on marine cargo

Policies that cover deliveries within New Zealand, also known as marine cargo policies, have levy calculated at the normal rate, but can be pro-rated to a minimum of one week, e.g. 1/52 of levy payable.

Levy payable on all other property

Levy is payable on property insured against the risk of fire in New Zealand. Property includes:

- buildings
- stock
- plant and equipment
- anything else insured against the risk of fire in New Zealand.

Schedule 3 of the Fire Service Act 1975 contains a list of items that are exempt from the levy.

Where an item is not exempt, the levy is payable; see [Levy rates](#).

The value of property insured is generally calculated using the [sum insured](#). However, where settlement of the claim is no more favourable than the sum insured, it can be calculated on the [indemnity value](#) of the property covered by the policy.

The indemnity inflation factor is deemed to be part of the indemnity value. Whenever inflation is insured in an indemnity value contract of fire insurance, the levy is calculated using the same discount rate the insurer has applied in determining the premium rating for the contract of insurance (to a maximum of 50 percent).

CALCULATING THE LEVY

This table is designed to guide you with the calculation of the levy:

Calculation:	
Amount insured under the contract (or indemnity value of property plus any applicable inflation)	
Less: <ul style="list-style-type: none"> • Items exempt from the levy • Items subject to limits 	Equals: Primary Levy Liability
Add levy on items subject to limits: <ul style="list-style-type: none"> • Residential buildings • Personal property • Motor vehicles • Marine cargo 	Equals: Levy on property
Add levy on limits and extensions: <ul style="list-style-type: none"> • Contract works • Capital additions 	Equals: Annual Levy Liability
Multiply by period of cover:	Equals: Levy Payable
Add: GST (currently 15%)	
Equals: Total amount payable to Fire and Emergency New Zealand	

Pro-rata calculations

Levy is payable based on a contract period of one year. If a policy has a duration that is different from this period, a pro-rata calculation of levy needs to be made by calculating the number of days that the insured period runs for.

For example: \$1,000.00 (÷) 365 days per year (×) number of days cover = rate of cover

Levy – Interest and surcharge

If a payment is late, interest may be charged at 1.5 percent per month, or pro-rated for each part month the levy is late. If the levy payment is over six months late, a surcharge of 10 percent plus GST is added to the outstanding levy. This surcharge is charged for every period of six months that the levy payment is late.

The surcharge continues to accrue on any unpaid amount (excluding interest) until the outstanding levy has been paid.

Interest and surcharges are calculated on the GST-inclusive value of the outstanding/late levy value.

Any payments that are received after the 15th of the month are late under the provisions of the Act.

When a levy payment has been identified as being late or a shortfall has been identified, an invoice will be issued for any levy arrears, interest, surcharge, and GST where applicable.

Assessments and audits

When the relevant [forms](#) accompanying the levy payment are submitted, we may do an initial review of the calculation. This review checks the payment for timeliness, completeness of information and accuracy. You may receive a phone call or an email requesting further information.

In addition, a selection of brokers, insurance companies and companies that make payments directly to Fire and Emergency are audited by Fire and Emergency. If you are selected for an audit, one of our staff will be in touch at least two weeks before the intended start date.

Most compliance audits will not require our attendance at your premises. Under section 51 of the Act, you are required to keep full particulars of each contract of fire insurance and the amount of the levy and date of its payment to Fire and Emergency. These documents must be presented when requested as part of a compliance audit.

Items exempt under schedule 3

Some items of property are exempt from the levy. Please note that these exemptions include any:

- ship or anything in a ship, except while the ship is on land
- standing bush or forest
- road, street or path
- railway track or pole, or any tramway track or pole
- bridge or viaduct, either completed or in course of construction, or any boxing or falsework used in construction of any bridge or viaduct
- tunnel or cutting

- retaining wall, dam, breakwater, mole, groyne, fence or wall
- drain or channel
- reservoir, swimming bath, water tank (other than a water tank installed as part of the water supply system of any dwelling or farm building), water tower, or septic tank
- water reticulation pipe (other than a water reticulation pipe which, in the opinion of the Earthquake and War Damage Commission, constitutes a structural part of any building)
- electric supply, telegraph or telephone pole, line or cable
- mine or quarry
- aircraft or anything in an aircraft except while insured under a contract which is substantially a contract of fire insurance
- goods in transit, except while insured under a contract which is substantially a contract of fire insurance
- hazardous substance (as defined in section 2 of the [Hazardous Substances and New Organisms Act 1996](#))
- livestock
- growing crops, including fruit trees and vines
- ensilage insured in the open field
- hay or other cut crops insured in the open field
- offshore installation for petroleum mining operations as defined in the Petroleum Act 1937
- pipeline, electricity cable, or telecommunications cable which is located on the sea floor.
- Art and items in collections exempt from levy^{1,2}
- New Zealand Defence Force Property³

Other items not assessable for the levy

Fire and Emergency considers the following not to be property within the definition of the Act, and therefore no levy is payable on:

- demolition costs
- fees
- expediting costs following a claim
- cost of property protection following a claim
- money
- employees' tools and personal effects
- employees' vehicles whilst in use on insured's business.

¹ For policy renewals and new business incepted after 1 July 2019

² Refer to The Fire and Emergency New Zealand (Levy) Amendment Act 2019 and clause 25A, Schedule 1 of the Fire and Emergency New Zealand Act 2017

³ For policy renewals and new business incepted after 1 July 2019

CONTACT FIRE AND EMERGENCY

Fire and Emergency recommends you contact our levy team by email FEL@fireandemergency.nz for specific advice on any items you consider are not assessable for levy.

Shortfalls of levy as a result of property being incorrectly excluded from the levy calculation will result in late payment penalties as outlined in the Act.

DEFINITIONS

Act	<p>Fire Service Act 1975</p> <p>See also:</p> <p>Fire Service Regulations 2003</p> <p>Fire and Emergency New Zealand Act 2017</p> <p>Fire and Emergency New Zealand (Levy Rates and Information Requirements in Transitional Period) Regulations 2017</p> <p>Fire and Emergency New Zealand (Levy) Amendment Act 2019</p> <p>Fire and Emergency New Zealand (Levy) Amendment Act 2023</p> <p>Fire and Emergency New Zealand (Levy Rates and Information Requirements in Transitional Period) Amendment Regulations 2023</p>
Book value	The cost or adjusted value of an asset in the financial records of a company. This value is never used in the calculation of levy unless a company adjusts book value to reflect replacement values.
Commencement date	The date from which the policy applies.
Contract of fire insurance	An agreement under which any property is insured against loss or damage from fire, whether the agreement includes other risks or not; but does not include any contract of marine insurance or any contract of reinsurance.
Exempt property	As set out in schedule 3 of the Act. Levy is not payable on exempt property.
GST	Goods and Services Tax prescribed under the Goods and Services Tax Act 1985 .
Indemnity value	<p>Represents the value of the item at the time of the loss. Given it is an estimate of the amount that you would be paid in the event of a loss, it is often not specified in insurance contracts, but generally ascertained by a valuation.</p> <p>It is calculated as the replacement cost of an item less an allowance for the depreciation/ condition of the item, and is designed to put you in the same financial position you were in immediately before the loss occurred.</p>

Insurance company	<p>This is defined under section 2 of the Fire Service Act 1975, and includes any company, corporation, or partnership which, or person who:</p> <ul style="list-style-type: none">• Undertakes any liability under any contract of fire insurance (other than marine insurance), whether exclusively or in conjunction with any other business; or• Accepts a payment in respect of any property to provide indemnity or a reserve to cover future loss or future damage resulting from circumstances which include loss or damage from fire, or for any other purpose similar or analogous to a contract of fire insurance; or• Makes provision for the establishment of a fund to provide indemnity to cover future loss or future damage resulting from circumstances which include loss or damage from fire, or for any other purpose similar or analogous to a contract of fire insurance; or• Issues any cover note in respect of a contract of fire insurance or gives any information that insurance, which includes cover from fire, has been effected, or issues any receipt acknowledging the receipt of a premium in respect of a contract of fire insurance, or receives any premiums, proposals, or requests for insurance which includes cover from fire.
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Levy	Fire and Emergency Levy (FEL). Levy payable to Fire and Emergency New Zealand.
Market value	The price that would be paid in a competitive auction setting. Market value is sometimes used interchangeably with indemnity value although these terms are not always identical.
Mixed-use building	A building that is used for both residential and commercial purposes.
Motor vehicle	A motor vehicle as defined in section 2(1) of the Land Transport Act 1988 .
Owner of property	Includes any company, corporation, partnership, or person who is entitled to legal or beneficial ownership of, or is entitled to any form of tenure, possession, or right to, any such property. It includes any company, corporation, partnership, or person, whether resident in New Zealand or not, who is entitled to any indemnity or benefit under any contract of fire insurance, whether or not they are entitled to any form of legal or beneficial ownership or to any form of tenure, possession, or right.
Rate of levy	The amount set out in regulation 4 of the Fire and Emergency New Zealand (Levy Rates and Information Requirements in Transitional Period) Regulations 2017 or subsequent amendments once in force ⁴
Replacement cost/value	The amount that would be covered by insurance to obtain a new similar or identical item to replace the damaged item.
Residential property	Defined under section 2(1) of the Earthquake Commission Act 1993 .
Shortfall	The difference between the amount of levy paid and the amount of levy assessed as payable by Fire and Emergency New Zealand and/or its agents.
Sum insured	The amount shown on the policy as the sum insured.

⁴ See [Fire and Emergency New Zealand \(Levy Rates and Information Requirements in Transitional Period\) Amendment Regulations 2023](#), which come into force on 1 July 2024.

Document information

Owner	Chief Financial Officer
Last reviewed	1 August 2023
Review period	Yearly

Record of amendment

Date	Brief description of amendment
1 July 2017	This guide was amended as part of the implementation of the Fire and Emergency New Zealand Act 2017.
01 August 2023	This guide was amended to reflect the implementation of the Fire and Emergency New Zealand (Levy Rates and Information Requirements in Transitional Period) Amendment Regulations 2023, which come into force on 1 July 2024.