

## Submission form

Please use this form to make your submission on the proposal to increase the transitional levy on fire insurance contracts for the 2024/25 and 2025/26 years. **The closing date for submissions is Tuesday 2 May 2023.**

Submissions can be emailed to: **TransitionalLevy2023@fireandemergency.nz**

Alternatively, submissions can be posted to:

Transitional Levy Consultation  
Fire and Emergency New Zealand  
PO Box 2133  
Wellington 6140

### This submission was completed by:

Name	[REDACTED]
Address	[REDACTED]
Email	[REDACTED]
On behalf of (if an organisation)	
Position (if an organisation)	

Please refer to page 8 of this discussion document for how we use your information, including considerations under the Official Information Act and Privacy Act.

Please tick here if you do NOT wish your personal information to be included in any summary of submissions that we may publish.

### Questions:

You do not need to respond to all our consultation questions. Feel free to limit your responses to those topics of most relevance or interest to you. **Please indicate any part of your submission that you believe should be withheld under the Official Information Act, and the reason(s) for withholding it.**

1. Do you agree that reducing costs for the years 2024/25 and 2025/26 would compromise Fire and Emergency's ability to provide services to communities and result in a failure to meet its commitments under the agreement with the NZPFU?

Yes / **No**

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2. Do you agree with the proposal to increase the transitional levy for the 2024/25 and 2025/26 years to fund the increased costs outlined in this discussion document?

Yes / **No**

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Please provide a brief outline of your reasons for agreeing or not agreeing:

I believe there are ways to find efficiencies in the operating budget that have not been fully explored. I do not find it reasonable that a levy increase of 13% is the only way forward to 2026.

Whilst I acknowledge the increased costs that all nz organisations are facing and planning for, I think the proposed levy increase is too high and should be lowered to below 7%. There are surely some metrics that can guide how to estimate a more modest increase such as CPI or inflation.

In addition, as a community member I need to see FENZ tightening its belt to achieve savings in-house. FENZ should immediately pause the move to electrify any part of the fleet, given the under-explored issues with EVs in general. The critical fleet upgrades need to happen within the fire appliance category only.

3. Do you agree that applying the increase as proposed is the simplest way to distribute the costs across different groups of levy payers?

Yes / **No**

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4. If you answered **No** to question 3, please provide details of any alternative you would recommend and why you recommend it:

The main issue I have is with the flat rate levy for vehicles. Vehicles are not all alike any more. I would like to see analysis of the relative cost of responding to different vehicle fires/incidents and make a levy that is fair. It is now becoming widely known that fires from electric vehicles are far more toxic and complex to extinguish than petrol/diesel cars. Should Evs be charged a higher levy to accommodate these additional risks and resources? Yes I think so.

5. Do you agree with the assumption that there will be growth in levy revenue of 2% per annum, to reflect inflation and increases to the number of policies, across all policy holder groups?

Yes / No

6. Do you consider this growth projection a realistic assumption?

Yes / No

7. If you answered **No** to question 6, please provide details of any alternative you would recommend and why you recommend it:

8. Are there other ways you think the levy could be increased to recover the additional costs?

Yes / No

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9. If you answered **Yes** to question 8, please provide details of your proposed alternative and the benefits and downsides of your suggested approach(es):

I want to re-state that a blanket increase of 13% across levies is not something I support. However there are nuances within levy charges that could be explored to spread increases.

Assessments of relative risk should be considered. Higher risk property or vehicle should pay more this could in turn create benefit for lower risk categories.

10. What impacts will the proposed increase to the transitional levy have on you? (For example, do you think it could impact your insurance costs or choices, spending on other goods and services, or non-financial impacts you think are relevant?)

Any increase to insurance costs will affect people's ability to choose the appropriate cover. We are in the middle of a cost of living crisis for NZ's lowest earning households. People will definitely choose to cancel, downgrade or not renew insurance if prices go up. That will be hard for insurers to argue with. The number of abandoned/burnt out cars will increase, this is already a growing issue in my area. This, whilst small in relation to total cars in NZ pushes the solution on to Councils Police etc. Generically expensive insurance does not help foster a culture of self responsibility and responsible car ownership amongst low income households or younger Kiwis. Insurance that reflects relative risks may help people make choices that are safer (and cheaper to insure).

11. Are there any other matters you consider relevant for implementing the proposed increase to the transitional levy.

Yes / No

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12. If you answered Yes to question 11, please provide details of matters you consider relevant:

The main matter that is relevant to me as a community member is seeing FENZ focus on operational excellence. This does not need to be a costly exercise nor something that requires an increase to the levy income stream. I want to feel assured that FENZ is operating with excellence. Not operating perfectly but with excellence. Operational excellence means good financial management practices are followed. I cannot see evidence of this. Last year saw media coverage of the bargaining process with the NZPFU and a protracted and painful length of time under strike action. This was avoidable and costly. No operational excellence was seen in the senior leadership of FENZ who deferred, deflected and procrastinated on the bargaining process at huge cost to the frontline staff who continue to work tirelessly. When an agreement was finally reached on pay FENZ could not even fund the package. It was galling to see the Minister step in and rescue FENZ with significant additional taxpayer funds to ensure firefighters were paid at a level that is fair. I am no accountant but a simple organisational timeline would have shown that an expired employment agreement and a forthcoming bargaining process was going to require significant funds to be set aside for salary increases. Why was this something FENZ could not plan for leading up to 2020 – let alone not manage to achieve by December 2022 when the package was finally agreed? What confidence can we feel in the community that FENZ have the financial management skills to appropriately distribute increased income from a higher levy take? My confidence is low.

The average kiwi wants to see operational excellence arrive in a big red truck in their time of need. They do not expect to see a 25 year old truck have to pull over on a steep road to let the engine cool and delay its response to a fire. They do not expect to see three firefighters jump out of a truck instead of four due to staff shortages. We expect 100% response, not 75%, let alone no truck at all because an entire station has been closed.

The public is largely unaware of the organisational issues at FENZ mostly due to the vast commitment of career and volunteer firefighters to keep showing up and doing their jobs. Your proposal to blindly on-charge the lack of financial management in the form of an increased levy at 13% when people are struggling to buy groceries is highly problematic.

13. If you are an insurer, how much time would you need to implement this change?