

Submission to the
GOVERNMENT ADMINISTRATION COMMITTEE on
FIRE AND EMERGENCY NEW ZEALAND BILL

SUBMITTED BY

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INTRODUCTION

Civil Contractors New Zealand welcomes the opportunity to submit on the Fire and Emergency New Zealand Bill and would like to appear before the Select Committee.

Civil Contractors New Zealand supports the submissions made by Mines Rescue and Starterra.

ABOUT THE SUBMITTER

Civil Contractors New Zealand Inc is the national industry body representing civil and general contractors who carry out the country's civil infrastructure construction and maintenance work. We estimate that the civil construction sector carries out more than \$12 billion of work annually and employs in excess of 60,000 workers.

Our members undertake a wide spectrum of work including construction and maintenance of;

Transport networks	including roading, bridges, tunnels, railways, airports and ports
Water infrastructure	including water storage and reticulation, irrigation, drainage, waste and storm water services
Communications Networks	including underground and above ground networks
Disaster relief and protection	Flood and coastal protection and emergency response
Energy Infrastructure	including both generation and distribution;
Commercial and Residential Building	including site access, site works, foundations, car parks and installation of services;
Agriculture and Forestry work	including dairy conversions, tracks, drainage, effluent ponds, feed pads, building site preparation and forestry tracks and skid sites

Ground Stabilisation	including slips, subsidence and rock falls
Parks and sports fields	Construction and maintenance including vegetation control

Civil Contractors New Zealand was formed in 2014 following the merger of New Zealand Contractors' Federation and Roothing New Zealand.

Our primary roles are

1. Industry advocacy and representation
2. Supporting industry development, professionalism and safety
3. Providing information and advice

EXECUTIVE SUMMARY

1. The Fire and Emergency New Zealand Bill is generally supported, but there are a number of areas where improvements and further clarity are required.
2. We support the extensive submissions made by Straterra and Mines Rescue regarding mining and emergency services. As part of their civil contracting work a number of our members are involved in tunnelling activities and as such pay levies to Mines Rescue. We share the concerns of Straterra and Mines Rescue regarding the potential for these businesses to pay twice for the same services and the need for equitable funding for FENZ and Mines Rescue.
3. There is a lack of clarity regarding the emergency management responsibilities between FENZ and Mines Rescue. In a number of emergencies it will be more appropriate that Mines Rescue take the lead role.
4. Due to the type of work undertaken and/or their location a number of our members maintain their own first response capability and do not rely on services being supplied by FENZ. This needs to be recognised in the proposed funding mechanism.
5. The principles of equity and flexibility when setting levies are supported, as are the provisions providing for consultation with affected persons.
6. We oppose the proposal to calculate levies on the basis of insurance contracts for physical damage and loss. There is no direct relationship between such insurance and FENZ services to policy holders.
7. We support funding though property based levies as are now being developed in Australian.

Principles for setting levies

20. **Clause 69 (c)** sets out a principle of equity when providing for a levy. That is supported. At issue is that the mining and parts of the civil construction industry already pay a levy to the Mines Rescue Trust, and may also hold an in-house industrial brigade.
21. For that reason, we also support the principle of flexibility (**clause 69 (e) (i)**), which provides for the levy to be tailored to the level of the company's "use, benefit or risk".

22. Therefore, **clause 104 (3)** will need amendment to provide for the necessary flexibility to be exercised when calculating levy rates for mining and some civil industry companies.

The basis for setting levies

23. Civil Contractors New Zealand is opposed to **clause 104 (1)**, which specifies “*prescribing a levy in respect of property that is insured against physical damage or loss*”, as a flawed basis for setting levies.

24. If a company suffered physical damage to or loss of equipment, for example, FENZ services in some cases would not be required.

25. In 2013 and 2014 the New Zealand Institute of Economic Research prepared a series of reports¹ for the Insurance Council of New Zealand² on policy for funding fire services. We reproduce below the following excerpts (emphasis added):

- “*The response of Australian States to these changing priorities [away from fire towards other types of emergency] ... has been to shift funding away from insurance to **levies on property***”;
- “*It is feasible to devise levy regimes based on property values (capital values or improvement values) under which levy rates per unit value are no higher than those based on insurance indemnity values in the current regime, and **levy rates are significantly lower for higher-value properties.***”
- “*Our arguments for changing to a different funding system were based upon **public policy principles**, including equity and fairness, efficiency, legitimacy, transparency and visibility, as well as on revenue design and administration principles including neutrality, breadth of base, certainty of revenue, simplicity, ease of administration, and convenience of payment*”;
- “*Among those preferred options were regimes with increased government funding, along with the collection of levies based upon the **value of property** and a levy as part of the registration charge for motor vehicles*”;
- “***All but two of the Australian States and Territories** now fund their fire services through levies on property values, or from consolidated government funds, rather than via a levy on insurance.*”

26. If the NZIER’s recommendations were followed, property owners who do not insure their property or under-insure would not be able to avoid paying a fair contribution to FENZ.

27. We strongly recommend that the committee follows the NZIER reports, and develop an understanding of the policy being followed by most Australian States and Territories.

28. On the basis of the foregoing, **clause 105 (5)** will need to be amended to provide for a property value-based or rates-based levy.

Exemptions from levies

29. **Clause 104 (4)** provides for an exemption where this is warranted. It is conceivable that some mining and tunnelling operations should be exempt from the levy because they both pay a Mines Rescue Trust levy and have an industrial brigade, and will not need services from FENZ under any circumstances.

Consultation with affected persons when setting levies

30. **Clause 105 (6) (b)** provides for affected persons to be consulted when amending levy regulations that have already been created. That is necessary and is supported, as logical.

31. Construction companies will need to be consulted on the setting of levies, to recognise the contribution already made to the Mines Rescue Trust, and in respect of any in-house response capability. We suggest that **clause 104 (3)** is amended to provide for that discussion, and it is noted that **clause 106 (2) (a)** also provides for consultation on creating levy regulations.