

**Submissions on the
Proposed Regulations to support Fire and Emergency New Zealand**

Submitted by

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LATE SUBMISSION

Civil Contractors New Zealand Inc has only recently become aware of the Discussion Document. Given the significance of the proposals to our members we question why we were not consulted during the development of the discussion paper and why the document was not directly circulated to us.

We would ask that our late submission be considered when the regulations are drafted.

BACKGROUND

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 (see further information below). We estimate that the civil construction sector carries out more than \$12 billion of work annually and employs in excess of 60,000 workers.

Most construction contracts our members are party to require the Contractor to insure the civil works they are constructing until the job is completed and handed over to the client. Most of this insurance is covered by the current exemptions under Schedule 3 of the Fire Service Act 1975.

EXECUTIVE SUMMARY

1. Civil Contractors New Zealand strongly opposes the removal of the exemptions applicable to civil infrastructure (items 3 to 9 on the existing exemption list), electrical supply and communications infrastructure, mines and quarries because there is either no benefit from the services that will be provided by FENZ or at best the benefit is minimal.
2. We support the objectives set out on page 10 of the discussion document - equity, sufficiency, predictability and cost effectiveness. However, we do not believe the proposals to remove the exemptions related to civil infrastructure meet the test established by the objective "*Equity – policyholder's contribution reflects potential service use*".
3. We are very disappointed in the lack of information and analysis behind the reasons to remove exemptions. The decisions to remove existing exemption will cost contractors and

their clients millions of dollars. Such a decision needs more information and analysis than a single line of text saying that we “may” benefit.

4. We support the use of a property tax to fund FENZ. We understand that this has been rejected as an option and as an alternative we believe that current insurance (including the retention of exemptions for civil infrastructure) and motor vehicle levies, combined with direct user pay charging for businesses, would be preferable to simply removing exemptions. This would be more equitable and encourage businesses to minimise and manage their own fire and emergency risks.
5. We do not support the removal of the exemption related to goods in transit. The amount that goods are insured for bears no relationship at all to the risk of a fire or an emergency occurring.

DETAILED SUBMISSIONS

FENZ Services do not benefit civil infrastructure contractors

- a. Most of the civil infrastructure our members build and insure has a very low or non-existent fire risk.
- b. The response to other emergencies on civil infrastructure under construction is very rare. These sites are not open to the public and sites are well fenced and signs identify risk areas.
- c. When construction is underway and even when it is completed, FENZ will not provide services to protect or save civil infrastructure in an emergency such as a natural disaster or an extreme weather event or earthquake. It is more likely that the contractor will do this work as part of the construction or maintenance contract they have with the asset owner. Any action taken by FENZ is not to protect the infrastructure but to save lives. Many of the road maintenance contracts our members have require them to go out in natural disasters, extreme weather events, or after earthquakes, to clear roads of slips or fallen trees and to divert unwanted water.
- d. It should be noted that the work our members do in the event of an emergency or natural disaster is often critical in providing access for emergency vehicles (fire, ambulance, civil defence) so they can get to people and communities that require their help.

Absence of any substantive explanation of how the owners and builders of civil infrastructure will benefit for the activities of the new organisation

- e. Page 17 of the discussion paper states “*Public Infrastructure **may** benefit from FENZ wider response mandate including natural disasters, extreme weather events hazardous substances, motor vehicle accident, swift-water rescues etc.*” The use of the word “may” indicates that even the authors are not convinced that there are benefits.
- f. We are concerned that there seems to be no cogent reason or explanation as to how civil infrastructure e.g. roading will benefit from the activities of FENZ.
- g. Our view is that the organisations that make up the proposed new organisation, FENZ, do not currently and should not have the capabilities to provide services that protect the infrastructure referred to in the exemptions. I refer you to the comments on natural disasters and extreme weather events above.
- h. Responses to hazardous substances are largely managed by contractors during the construction phase. If the services of FENZ are required then these should be charged on a user pay basis. Once construction is complete the issue of hazardous substances and road accidents are entirely related to vehicles using the infrastructure and should be funded via motor vehicle levies. We are unclear how swift water rescues relate to the listed exemptions.

Levies on roading infrastructure and vehicles

- i. Roothing owners and contractors during the construction of roads do not benefit from emergency response as outlined above. There is a separate levy proposed for motor vehicles which should fund vehicle accidents and chemical spills from vehicles. Levying both roads and vehicles that travel on them is effectively double dipping.
- j. Insurance related to roading and most other civil infrastructure is not related to fire or any other services supplied by the organisations that will make up the new organisation, FENZ. The risks being insured are for things like slips, washouts and other damage etc. As stated above the organisations that make up the proposed new FENZ do not currently have, and in our view should not build, the capability to provide a response to these risks.

Support for FENZ Response

- k. It is noted that the reasons given for retaining the exemption for water reticulation pipes is: *“Piping will not benefit from the new organisations mandated and levy funded activities. Piping also supports the delivery of the fire services’ main functions”*.
- l. Civil infrastructure such as roading, bridges, electricity and telecommunications are also vital to support the delivery of FENZ functions.

Contractors provide their own first response capability

- m. Many civil contractors provide their own first response capabilities for fires and emergencies (examples include fire crews, working at height response equipment and preparedness, chemical spills equipment and preparedness etc.) as part of their PCBU responsibilities under the Health and Safety at Work Act.
- n. Many Civil Contractors working in isolated areas, or in tunnels and quarries, maintain their own first response capabilities. It is very unlikely that the services of FENZ would be called on in the case of a fire or emergency.

Existing funding of the Mines Rescue Service

- o. Civil Contractors working in mines, tunnels and quarries fund the Mines Rescue Trust under the Mines Rescue Act 2013. Removing the exemption for mines and quarries will create a situation where there is a double levy.
- p. In the event of a fire or other emergency in a tunnel, mine or quarry our members maintain a significant first response capability (equipment, systems and trained people). While emergency services (ambulance, fire and police) are called to higher level emergencies often the actual rescue or response is provided by the Mines Rescue Service due to their specialist training, knowledge and equipment.
- q. The attendance of FENZ at these events would more appropriately be funded by direct charges rather than via an insurance levy.

Removal of Exemptions for goods in transit

- r. We are strongly opposed to the removal of the exemption on goods in transit. Our members transport some very large and valuable pieces of machinery (e.g. tunnel boring equipment or excavation equipment) that requires insurance. These have a very low fire risk and weeks of planning goes into how to safely transport this equipment. Contractors already fund the traffic management related to this activity. At times a significant portion of the transportation is on private land (e.g. transport of wind turbine components) and therefore there is no risk to the public.
- s. The amount that goods are insured for bears no relationship at all to the risk of a fire or an emergency occurring.
- t. The risks related to road accidents should be covered by vehicle levies.

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 roads, 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