

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	██████████
Address	██
Email	████████████████████
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?

No

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?

No

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

There are two aspects to this

Firstly, it would appear that the proposed rate of levy growth is underestimated. The rates of growth in cash receipts from levy over the last 4 years have never been below 2% - and in fact have been :

2022 v 2021 – 4.38

2021 v 2020 – 2.61

2020 v 2019 – 2.58

2019 v 2018 – 9.43 * Acknowledging this was a transitional year

And in fact, far from being 2% in outyears, the forecasts here are indicating that this year, levy receipts will only increase by 1.25%. Of course, the impact of these assumptions are compounding – 2.5% on 2.5% would see significantly more cash flow to FENZ.

There seems to be an exponential growth in costs since the creation of FENZ that would indicate that with reduction, careful planning, and realistic assumptions around the rate of levy growth could mean that the reduction in costs would not need to be as significant as argued here.

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

No

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

Again, refer to my first answer. It would appear to not be needed if realistic assumptions for levy growth, based upon prior performance, are used.

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?

YNo

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

No

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

Again, as per the response earlier, the rates of growth in cash receipts from levy over the last 4 years have never been below 2% - and in fact have been :

2022 v 2021 – 4.38

2021 v 2020 – 2.61

2020 v 2019 – 2.58

2019 v 2018 – 9.43 * Acknowledging this was a transitional year

And in fact, far from being 2% in outyears, the forecasts here are indicating that this year, levy receipts will only increase by 1.25%. Of course, the impact of these assumptions are compounding – 2.5% on 2.5% would see significantly more cash flow to FENZ.

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

No

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):

Again, there should be no need to if realistic assumptions based upon historical performance are used. Remembering, that even despite COVID, levy receipts have increased – one of the few businesses to do so.

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?)

It will cost more in terms of insurance.

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

Yes

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

It seems unclear that the Minister has reviewed levy every three years under Section 142 of the Fire and Emergency Act. It would be great if you could confirm that the Minister has in fact met their obligation, as I cannot see that

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

N/A