

Submission to the Transitional Levy Consultation, Fire and Emergency New Zealand.



Consultation on a proposed increase to the Fire and Emergency transitional levy for the 2024/2025 and 2025/2026 financial years.

2 May 2023

Introduction

The Timaru District Council (Council) thanks the Fire and Emergency New Zealand (FENZ) for the opportunity to submit on the proposed increase to the Fire and Emergency transitional levy for the 2024/2025 and 2025/2026 financial years.

This submission is made by the Timaru District Council, 2 King George Place, Timaru. The submission has been endorsed by the Mayor. The contact person for this submission is Bronwyn Larkins, Senior Policy Advisor, who can be contacted at Timaru District Council, phone (03) 687 7200, email bronwyn.larkins@timdc.govt.nz or PO Box 522, Timaru 7940.

Council does not wish to speak to its submission.

Fire Services in the Timaru District

The Timaru District Council is a local authority in the South Island serving over 48,000 people in South Canterbury. The District covers 2,737 square kilometres of South Canterbury. Two rivers naturally define its northern and southern boundaries, the Rangitata and Pareora respectively, with the district stretching along the gentle curve of the South Canterbury coastline. The district enjoys a temperate climate, with Timaru enjoying an annual average of 1,826 hours of sunshine and approximately 573mm of rain annually. The main settlement is Timaru, with smaller settlements of Geraldine, Pleasant Point and Temuka along with multiple small rural communities within the District.

General comments

Council supports the services provided by FENZ to communities within the Timaru District. As per the FENZ website, Council notes that the Timaru District is in need of an increased number of professional firefighters for the area.

Council acknowledges the settlement with the New Zealand Professional Firefighters Union (NZPFU) for the new collective agreement due to the increase in the breadth of activity that firefighters now undertake. Council concludes that appropriate cost savings cannot be found through reducing capital expenditure and replacement programmes without compromising performance measures/levels of service, such as response times.

Council also believes it would be helpful to have improved visibility and information on the programme to redeploy fleet vehicles and other plant and equipment across the country to have assurance that the levels of service in all areas, urban, provincial and rural are maintained.

The consultation document has requested a set format be used:

Consultation Document:

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, the Timaru District is made up of diverse and dispersed communities of interest including urban and rural communities with some highly productive land that reflects the diversity of our communities. Council does not support a compromise in the FENZ's capacity to provide emergency response services to the Timaru District community.

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

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

Council supports the need to increase the transitional levy due to the Collective Agreement to ensure that professional firefighters are compensated fairly for their work.

Council would further support FENZ investigating and/or socialising more widely a sustainable funding model that clearly connects its operations, capital and planned work and replacement programme with its performance measures.

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 – Council acknowledges the services provided by FENZ have the objectives of reducing the incidence of unwanted fires and the associated risk to life and property and protecting and preserving life, and preventing or limiting injury, damage to property,

land and the environment, and that these objectives are strongly aligned to supporting community well-being. On this basis Council considers it reasonable that FENZ applies the 12.8% increase across the different groups of levy payers.

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

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?*

NA

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

N/A

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?*

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):*

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?)*

As a Council, increases in the levy need to be budgeted into its annual and long term plans as part of its insurance premiums. Having visibility over the process will support it with more accurate budgeting and planning and enable it to make more informed decisions on managing its insured risks.

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:

Council supports and recognises the need to ensure that professional firefighters are compensated fairly for the role they perform and also to ensure retention of emergency responder professionals.

Council would value further information being able to all levy payers around the capital expenditure and replacement programme¹ where the service life of fire appliances is increasing depreciation and potentially impacting on regional and rural areas. Council understands that rural assets of the Fire Services require upgrading and particularly those fleet vehicles that have come from other areas, particularly urban areas. The issue around fleet vehicles moving to a rural setting is the age and condition and whether they are able to successfully meet performance measures.²

Anecdotally, Council understands that there is limited capacity in some response areas such as high-rise fire response and a fleet to traverse non-sealed roads. Council considers it important that FENZ is able to maintain performance measures that meet the community expectations.

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

Conclusion

Council thanks you again for the opportunity to submit on consultation. Please do not hesitate to contact bronwyn.larkins@timdc.govt.nz if you have any questions or wish to discuss aspects further.

Ngā mihi



Nigel Bowen
Mayor

¹ As found in the Statement of Performance Expectations 2022/2023:
<https://www.fireandemergency.nz/assets/Documents/Files/Statement-of-Performance-Expectations-2022-2023.pdf>

² Performance measures as in Table 1: Fire and Emergency's performance measures, page 5 of "Interim Stage 2 Cost Recovery Impact Statement: [https://www.dia.govt.nz/diawebsite.nsf/Files/Regulatory-Impact-2023/\\$file/Interim-Stage-2-Cost-Recovery-Impact-Statement-Proposal-to-increase-the-transitional-levy-for-Fire-and-Emergency-New-Zealand.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Regulatory-Impact-2023/$file/Interim-Stage-2-Cost-Recovery-Impact-Statement-Proposal-to-increase-the-transitional-levy-for-Fire-and-Emergency-New-Zealand.pdf).