


OC240465

31 May 2024



Tēnā koe 

I refer to your phone call on 30 April 2024, requesting the following under the Official Information Act 1982 (the Act):

“Copies of all information provided by the Ministry to the Minister of Transport relating to the Fire and Emergency levy for 2026-2029.”

Nine documents fall within the scope of your request and are enclosed. The documents are listed in the document schedule attached as Annex 1.

Certain information is withheld under section 9(2)(a) of the Act to protect the privacy of natural persons.

With regard to the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman’s website www.ombudsman.parliament.nz

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā



Carl van der Meulen
Acting Manager Resilience and Security

Annex 1: Schedule of documents

Table 1 schedule of documents

#	Title	Document
1	FENZ Levy Update - 1 March 2024	Extract from weekly report to the Minister dated 1 March 2024
2	FENZ Levy Update - 15 March 2024	Extract from weekly report to the Minister dated 15 March 2024
3	RE_ Cabinet paper - proposals for exemption to fire and emergency levy	Email chain to the Minister's office
4	RE_ FENZ Cabinet paper - prep discussion at officials	Email chain to the Minister's office
5	RE_ FENZ Cabinet paper - prep discussion at officials	Email chain to the Minister's office
6	Re_ For Feedback_ Cabinet paper - approval to consult on rates for the FENZ levy	Email chain to the Minister's office
7	Talking points - FENZ exemptions paper ECO 20 March 2023 (version 1)	Attachment to email #4 Note: the listed talking points were prepared by the Ministry of Transport as suggested talking points for the Minister to use if he wanted (they are written in first-person for him to use)
8	Talking points - FENZ exemptions paper ECO 20 March 2023 (version 2)	Attachment to email chain #5 (sent at 11.02am) Note: the listed talking points were prepared by the Ministry of Transport as suggested talking points for the Minister to use if he wanted (they are written in first-person for him to use)
9	Talking points - FENZ exemptions paper ECO 20 March 2023 (FINAL version 18 March)	Attachment to email chain #5 (sent at 3.54pm) Note: the listed talking points were prepared by the Ministry of Transport as suggested talking points for the Minister to use if he wanted (they are written in first-person for him to use)

Title	Lead agency	Minister and Committee	Estimated timing to Cabinet Committee
Proposals for exemptions to the Fire and Emergency Levy	Department of Internal Affairs (DIA)	Hon Brook van Velden Minister of Internal Affairs Economic Policy Committee	Due to ECO: 20 March 2024 Due to Cabinet: 25 March 2024
Comment			
<p>This paper will seek policy decisions from Cabinet on the exemptions to the insurance levy that will fund Fire and Emergency New Zealand (FENZ) from 1 July 2026. This replaces the transitional levy that has been in place since 2017. DIA is undertaking concurrent agency and Ministerial consultation on this Cabinet paper.</p> <p>The paper recommends removing the current exemptions for aircraft, ships, and transport infrastructure. The Ministry and the transport Crown entities do not support these proposals as they are presented in the paper. In summary, our concerns with the proposals include:</p> <ul style="list-style-type: none"> the proposals do not account for the levies that airlines already pay for the provision of Fire and Rescue services at tier 1 and 2 airports, an unconvincing evidence base for removing the exemption from ships (e.g. most fires on ships occur at sea, most commercial ships are required to have crew trained in firefighting, and the actual number of fires that have occurred on ships when docked or berthed at a marina), the rationale for applying the levy to transport infrastructure does not take into account the Fire levy component of the Motor Vehicle levy that road users already pay, which covers the extent of FENZ's involvement to incidents on roads. FENZ's involvement is more limited in road incidents than other responses, for example road controlling authorities, not FENZ, meet the costs for returning the road to operational services after an incident, the FENZ response to flooding or slips on transport infrastructure (and in communities in general) is funded via the Fire and Emergency New Zealand - Public Good Services appropriation from Vote Internal Affairs, and a levy on transport infrastructure (roads and rail) will place a significant cost on the Crown and Councils. <p><i>Responsibility: Bronwyn Turley, DCE, Regulatory Group</i></p>			<p>Next steps:</p> <p>The Ministry and the transport Crown entities will provide feedback to DIA by Monday 4 March 2024.</p>

7 CABINET PAPERS LED BY OTHER AGENCIES

Title	Lead agency	Minister and Committee	Estimated timing to Cabinet Committee
Proposals for exemptions to the Fire and Emergency Levy	Department of Internal Affairs (DIA)	Hon Brook van Velden Minister of Internal Affairs ECO	Due to ECO: 20 March 2024 Due to Cabinet: 25 March 2024
Comment			
<p>This paper seeks policy decisions from Cabinet on the exemptions to the insurance levy that will fund Fire and Emergency New Zealand (FENZ) from 1 July 2026. This replaces the transitional levy that has been in place since 2017.</p> <p>The transitional levy includes exemptions for aircraft, ships, and transport infrastructure (defined to include rail, roads, streets, paths, and tunnels). The proposals in the paper recommend removing these transport related exemptions from the new levy regime.</p> <p>The Ministry strongly opposes the transport related proposals for several reasons:</p> <ul style="list-style-type: none"> The proposals will effectively result in a double-payment regime for some services. This applies to aircraft that pay airport levies for the provision of Rescue Fire Services at tier 1 and 2 airports, which is not a service provided by FENZ. FENZ responses to incidents on roads are predominately for motor vehicle accidents or hazardous substance spills; this response activity is covered by the motor vehicle levy paid to FENZ. Additionally, the paper does not acknowledge that FENZ receives direct Crown funding for the public good component of their services via Vote Internal Affairs, which covers the response to severe weather events. The paper does not provide an evidence-based approach to support the proposals. The FENZ Act requires a levy to be commensurate with the potential use of FENZ services (as an equity test). DIA has not utilised the response data collected by FENZ since its establishment in 2017 to demonstrate that ships and transport infrastructure benefit from the provision of FENZ services. Most fires on ships occur at sea with no FENZ involvement; MNZ data shows there were only two fires on recreational vessels over a four-year period that FENZ responded to. <p><i>(Continued next page)</i></p>		<p>Next steps:</p> <p>The paper has been lodged for ECO on 20 March.</p> <p>We will provide you with speaking points by Monday 18 March so you can discuss our concerns on the proposals to remove the current transport related exemptions from the new fire levy.</p>	

7 CABINET PAPERS LED BY OTHER AGENCIES

Title	Lead agency	Minister and Committee	Estimated timing to Cabinet Committee
<ul style="list-style-type: none"> The proposals may result in a significant direct cost to the Crown and Councils. NZTA has applied the proposed new levy rates to three current roading projects; the FENZ levy payments for these projects would jump from \$5,587 to over \$3.1 million. There would also be significant costs to airlines (we have estimated Air New Zealand would face a fire levy). <p>The Ministry has consulted with CAA, MNZ, and NZTA on these proposals, and has provided aligned feedback to DIA. We have asked DIA to update the Cabinet paper to reflect our strong opposition to these proposals. While DIA have updated the paper to note our opposition, they have declined to include the rationale we have provided.</p> <p><i>Responsibility: David Wood, DCE, Investment & Monitoring Group</i></p>			



From: [Carl Van Der Meulen](#)
To: [Helen FionaWhite](#)
Cc: [David Wood](#); [Bronwyn Turley](#); [Natasha Rave](#); [Dominic Cowell-Smith](#)
Subject: RE: Cabinet paper - proposals for exemption to fire and emergency levy
Date: Thursday, 14 March 2024 8:58:00 am
Attachments: [image001.png](#)

We only have a copy of the draft paper that was circulated for Agency consultation. DIA declined my request to provide us with a copy of the final paper, but said we would be able to see it in Cabinet.

We had asked for the final version to include a paragraph that explained our rationale for the Ministry's strong opposition to the proposals – DIA have told us they would only include the statement that we oppose the proposals, would not include our reasons, and instead supplied their reasons why our opposition should be overlooked.

Carl

From: Helen FionaWhite <Helen.FionaWhite@parliament.govt.nz>
Sent: Thursday, March 14, 2024 8:54 AM
To: Carl Van Der Meulen <c.vandermeulen@transport.govt.nz>
Cc: David Wood <D.Wood@transport.govt.nz>; Bronwyn Turley <B.Turley@transport.govt.nz>; Natasha Rave <N.Rave@transport.govt.nz>; Dominic Cowell-Smith <Dominic.Cowell-Smith@parliament.govt.nz>
Subject: RE: Cabinet paper - proposals for exemption to fire and emergency levy

Hey Carl

Do you have a copy of the Cabinet paper?

Cheers
Helen

From: Carl Van Der Meulen <c.vandermeulen@transport.govt.nz>
Sent: Thursday, March 14, 2024 8:52 AM
To: Helen FionaWhite <Helen.FionaWhite@parliament.govt.nz>
Cc: David Wood <D.Wood@transport.govt.nz>; Bronwyn Turley <B.Turley@transport.govt.nz>; Natasha Rave <N.Rave@transport.govt.nz>; Dominic Cowell-Smith <Dominic.Cowell-Smith@parliament.govt.nz>
Subject: FW: Cabinet paper - proposals for exemption to fire and emergency levy

Hi Helen,

Follow up from David's phone call this morning.

The initial timeframe for this paper to go for Ministerial consultation was delayed, but have now been advised by DIA that Ministerial consultation started on 4 March and concluded on Monday 11 March. We were not informed when Ministerial consultation was going to take place.

We provided Agency feedback by 4 March – DIA then arranged a meeting with MoT to discuss the transport sector feedback on Monday 11 March (essentially we were discussing agency feedback while Ministerial consultation was underway).

Can you please let us know if the you saw the paper?

Feel free to call me if you have any questions about the Agency/transport feedback, and call David if you have questions about the Ministerial consultation process...

Here’s the draft update that was going into the WR:

Title	Lead agency	Minister and Committee	Estimated timing to Cabinet Committee
Proposals for exemptions to the Fire and Emergency Levy	Department of Internal Affairs (DIA)	Hon Brook van Velden Minister of Internal Affairs Economic Policy Committee	Due to ECO: 20 March 2024 Due to Cabinet: 25 March 2024
Comment			
<p>This paper seeks policy decisions from Cabinet on the exemptions to the insurance levy that will fund Fire and Emergency New Zealand (FENZ) from 1 July 2026. This replaces the transitional levy that has been in place since 2017.</p> <p>The transitional levy includes exemptions for aircraft, ships, and transport infrastructure (defined to include rail, roads, streets, paths and tunnels). The proposals in the paper recommend removing these transport related exemptions from the new levy regime.</p> <p>The Ministry strongly opposes the transport related proposals for several reasons:</p> <ol style="list-style-type: none"> The proposals will effectively result in a double-payment regime for some services. This applies to aircraft that pay airport levies for the provision of Rescue Fire Services at tier 1 and 2 airports, which is not a service provided by FENZ. FENZ responses to incidents on roads are predominately for motor vehicle accidents or hazardous substance spills; this response activity is covered by 		<p>Next steps:</p> <p>We recommend you meet with Minister van Velden before the paper is lodged for ECO to discuss our concerns on the proposals to remove the current transport related exemptions from the new Fire levy.</p>	

the motor vehicle levy paid to FENZ. Additionally the paper does not acknowledge that FENZ receives direct Crown funding for the public good component of their services via Vote Internal Affairs, which covers the response to severe weather events.

2. The paper does not provide an evidence-based approach to support the proposals. The FENZ Act requires a levy to be commensurate with the potential use of FENZ services (as an equity test). DIA has not utilised the response data collected by FENZ since its establishment in 2017 to demonstrate that ships and transport infrastructure benefit from the provision of FENZ services. Most fires on ships occur at sea with no FENZ involvement; MNZ data shows there were only two fires on recreational vessels over a four-year period that FENZ responded to.
3. The proposals may result in a significant direct cost to the Crown and Councils. NZTA have applied the proposed new levy rates to three current roading projects; the FENZ levy payments for these projects would jump from \$5,587 to over \$3.1 million. There would also be significant costs to airlines (we have estimated Air New Zealand would face a Fire levy of \$1.5 million for its ATR fleet of aircraft alone).

The Ministry has consulted with CAA, MNZ, and NZTA on these proposals, and has provided aligned feedback to DIA. We have asked DIA to update the Cabinet paper to reflect our strong opposition to these proposals. While DIA have updated the paper to note our opposition, they have declined to include the rationale we have provided.

*Responsibility: David Wood, DCE,
Investment & Monitoring Group*

Thanks,
Carl

9(2)(a)

From: Carl Van Der Meulen

Sent: Wednesday, February 28, 2024 11:48 AM

To: Helen FionaWhite <helen.fionawhite@parliament.govt.nz>; Dominic Cowell-Smith <Dominic.Cowell-Smith@parliament.govt.nz>

Cc: David Wood <d.wood@transport.govt.nz>; Bronwyn Turley <B.Turley@transport.govt.nz>; Natasha Rave <N.Rave@transport.govt.nz>

Subject: Cabinet paper - proposals for exemption to fire and emergency levy

Hi Helen & Dom,

Just a quick head's up that you may receive a draft Cabinet paper from DIA for Ministerial consultation today or later this week (*Proposals for exemptions to fire and emergency levy*).

In case the Minister asks about this:

- it is still out for agency consultation (due Monday 4 March) and I am working with transport Crown entities on our feedback.
- There are several transport related issues in the paper (CAA/MNZ/NZTA/MoT all have concerns about the proposals)
- I will put an update in the WR

If you have any questions in the meantime, then you can reach out to me.

Regards,

Carl

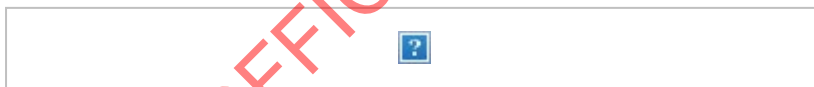
Carl van der Meulen

Kaitohutohu Mātāmua | Principal Adviser

Te Aumangea me te Haumarutanga | Resilience & Security

Te Manatū Waka Ministry of Transport

M: 9(2)(a) | E: c.vandermeulen@transport.govt.nz | transport.govt.nz



THE OFFICIAL INFORMATION ACT 1982

From: [Carl Van Der Meulen](#)
To: [Helen FionaWhite](#)
Cc: [Dominic Cowell-Smith](#); [Natasha Rave](#)
Subject: RE: FENZ Cabinet paper - prep discussion at officials
Date: Monday, 18 March 2024 9:16:00 am
Attachments: [Talking points - FENZ exemptions paper ECO 20 March 2023.docx](#)

Hi Helen & Dom,

Please find attached a short briefing note that includes suggested talking points – to assist discussion at officials today and at Cabinet.

Cheers,
Carl

From: Helen FionaWhite <Helen.FionaWhite@parliament.govt.nz>
Sent: Friday, March 15, 2024 9:26 PM
To: David Wood <D.Wood@transport.govt.nz>; Natasha Rave <N.Rave@transport.govt.nz>; Carl Van Der Meulen <c.vandermeulen@transport.govt.nz>
Cc: Audrey Sonerson <A.Sonerson@transport.govt.nz>; Brent Johnston <B.Johnston@transport.govt.nz>; Dominic Cowell-Smith <Dominic.Cowell-Smith@parliament.govt.nz>
Subject: FENZ Cabinet paper - prep discussion at officials

Good evening

The Minister has requested an in person discussion on the FENZ Cabinet paper on Monday at officials. This needs to be prioritised ahead of other items.

Can officials please come prepared to give a full briefing on this. Please also look at the RIS and provide commentary of the numbers that are mentioned in the RIS.

The Minister has requested NZTA be present for this discussion. Let me know if you want me to arrange their attendance or if you will reach out to your connections.

We need specific numbers to support his discussion at Cabinet Committee:

1. How much more cost for Air NZ A320
2. Cost increase per ship.
3. What the cost will be for NZTA

Etc

Subject: FENZ Cabinet paper

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The proposals may result in a significant direct cost to the Crown and Councils. NZTA has applied the proposed new levy rates to three current roading projects; the FENZ levy payments for these projects would jump from \$5,587 to over \$3.1 million. There would also be significant costs to airlines (we have estimated Air New Zealand would face a fire levy).

The Ministry has consulted with CAA, MNZ, and NZTA on these proposals, and has provided aligned feedback to DIA. We have asked DIA to update the Cabinet paper to reflect our strong opposition to these proposals. While DIA have updated the paper to note our opposition, they have declined to include the rationale we have provided.

Responsibility: David Wood, DCE, Investment & Monitoring Group

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From: [Carl Van Der Meulen](#)
To: [Helen FionaWhite](#); [David Wood](#); [Natasha Rave](#)
Cc: [Audrey Sonerson](#); [Brent Johnston](#); [Dominic Cowell-Smith](#); abby.mcroberts@parliament.govt.nz
Subject: RE: FENZ Cabinet paper - prep discussion at officials
Date: Monday, 18 March 2024 3:54:00 pm
Attachments: [Talking points - FENZ exemptions paper ECO 20 March 2023.docx](#)

Hi Helen,

Please find attached the latest-latest version of the briefing paper and speaking notes.

In answer to the questions raised by the Minister this morning, this has been updated to include a short description of the three projects NZTA reviewed, and how many time FENZ have responded to incidents on these projects since construction started over 18 months ago (= zero FENZ responses).

Also worth noting, NZTA provided this cost estimate to DIA in November 2022.

Happy to answer any other questions.

Carl

From: Carl Van Der Meulen
Sent: Monday, March 18, 2024 11:02 AM
To: Helen FionaWhite <Helen.FionaWhite@parliament.govt.nz>; David Wood <d.wood@transport.govt.nz>; Natasha Rave <N.Rave@transport.govt.nz>
Cc: Audrey Sonerson <A.Sonerson@transport.govt.nz>; Brent Johnston <B.Johnston@transport.govt.nz>; Dominic Cowell-Smith <Dominic.Cowell-Smith@parliament.govt.nz>; abby.mcroberts@parliament.govt.nz
Subject: RE: FENZ Cabinet paper - prep discussion at officials

Hi all,

Following discussions with Helen & Abby and David, here is the updated paper.

Regards,
Carl

I will be out of touch for next 45 minutes as I come into the office.

From: Helen FionaWhite <Helen.FionaWhite@parliament.govt.nz>
Sent: Friday, March 15, 2024 9:26 PM
To: David Wood <D.Wood@transport.govt.nz>; Natasha Rave <N.Rave@transport.govt.nz>; Carl Van Der Meulen <c.vandermeulen@transport.govt.nz>
Cc: Audrey Sonerson <A.Sonerson@transport.govt.nz>; Brent Johnston <B.Johnston@transport.govt.nz>; Dominic Cowell-Smith <Dominic.Cowell-Smith@parliament.govt.nz>
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Comment:			Next steps:
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The proposals will effectively result in a double-payment regime for some services. This applies to aircraft that pay airport levies for the provision of Rescue Fire Services at tier 1 and 2 airports, which is not a service provided by FENZ. FENZ responses to incidents on roads are predominately for motor vehicle accidents or hazardous substance spills; this response activity is covered by the motor vehicle levy paid to FENZ. Additionally, the paper does not acknowledge that FENZ receives direct Crown funding for the public good component of their services via Vote Internal Affairs, which covers the response to severe weather events.

remove the current transport related exemptions from the new fire levy.

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(Continued next page)

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Responsibility: David Wood, DCE, Investment & Monitoring Group

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From: [Carl Van Der Meulen](#)
To: [Helen FionaWhite](#); [Natasha Rave](#)
Subject: Re: For Feedback: Cabinet paper - approval to consult on rates for the FENZ levy
Date: Friday, 15 March 2024 5:03:22 pm
Attachments: [image001.png](#)
[image002.png](#)

Yes, happy for that to be passed on. They are separate papers, our minor feedback on this paper is the timing could have been improved if DIA waited for decisions on the exemptions paper first (which they actually mentioned they would do in the exemptions paper).

This paper doesn't materially impact our serious concerns in the exemptions paper.

Hope that makes sense.

Carl

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From: Helen FionaWhite <Helen.FionaWhite@parliament.govt.nz>
Sent: Friday, March 15, 2024 4:57:42 PM
To: Carl Van Der Meulen <c.vandermeulen@transport.govt.nz>; Natasha Rave <N.Rave@transport.govt.nz>
Subject: Re: For Feedback: Cabinet paper - approval to consult on rates for the FENZ levy

Confirming this is what you want me to pass on? There's nothing further to add/connect with the other paper?

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From: Carl Van Der Meulen <c.vandermeulen@transport.govt.nz>
Sent: Friday, March 15, 2024 4:48:38 PM
To: Helen FionaWhite <Helen.FionaWhite@parliament.govt.nz>; Natasha Rave <N.Rave@transport.govt.nz>
Subject: Fwd: For Feedback: Cabinet paper - approval to consult on rates for the FENZ levy

Hi Helen,

Here's the comments I provided to DIA about the consultation cab paper.

Carl

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From: Carl Van Der Meulen
Sent: Tuesday, March 12, 2024 4:47:18 PM
To: FirePolicy <FirePolicy@dia.govt.nz>
Cc: Natasha Rave <N.Rave@transport.govt.nz>
Subject: RE: For Feedback: Cabinet paper - approval to consult on rates for the FENZ levy

Hi team,

Thanks for the opportunity to provide feedback on this paper.

The Ministry Of Transport doesn't have any direct comments on the proposal to start consultation on the levy rates. However, we note there is an overlap between this paper and the

Cabinet paper on exemptions (as referenced in paragraph 7), and we believe this needs to be further explained in the paper. In particular, if the current proposals in the exemptions paper are agreed to by Cabinet this will have a material impact on the levy rates needed to achieve FENZ's proposal to increase its total levy revenue by 5.2%.

Regards,
Carl

Carl van der Meulen

Kaitohutohu Mātāmua | Principal Adviser

Te Aumangea me te Haumarutanga | Resilience & Security

Te Manatū Waka Ministry of Transport

M: 9(2)(a) | E: c.vandermeulen@transport.govt.nz | transport.govt.nz



From: FirePolicy <FirePolicy@dia.govt.nz>

Sent: Wednesday, February 28, 2024 1:58 PM

To: Rowan Burns <Rowan.Burns@dia.govt.nz>; Ben.Smith@ird.govt.nz;
william.edmnonds@ird.govt.nz; aeron.corlett@police.govt.nz; Tom Forster
<t.forster@transport.govt.nz>; Rory Sedgley <R.Sedgley@transport.govt.nz>; Nick Paterson
<N.Paterson@transport.govt.nz>; Grant.mcgregor@nzhp.health.nz;
Sunette.Thackwray@nzhp.health.nz; john.hazeldine@health.govt.nz;
James.Corrigan@health.govt.nz; Charlotte Speedy <charlotte.speedy@defence.govt.nz>;
Patricia.Comeskey@nzdf.mil.nz; Rachael Pettigrew <Rachael.Pettigrew@mbie.govt.nz>;
Michael.Devlin@mbie.govt.nz; Hayden.Fenwick@mbie.govt.nz;
Jonathan.Easthope@mch.govt.nz; Nerissa.Barber@mch.govt.nz; Josh.Southee@mpi.govt.nz;
Susan.Secker@mpi.govt.nz; Fiona.Hennessey@mpi.govt.nz; Parnell.Trost@mpi.govt.nz;
Kay.Shapland@mpi.govt.nz; Mary.Llewellyn-Fowler@treasury.govt.nz; Yi.Jin@treasury.govt.nz;
Disee.Anorpong@treasury.govt.nz; Nwest@eqc.govt.nz; Siobhan.Duncan@treasury.govt.nz;
Steve.Cantwell@treasury.govt.nz; Olivia.Quigan@nema.govt.nz; s.eccles@doc.govt.nz;
arhughes@doc.govt.nz; Hannah.stanfield@kaingaora.govt.nz; Melanie Harding-Shaw
<Melanie.Harding-Shaw@kaingaora.govt.nz>; alexandro.sikiotis@nzta.govt.nz; Darren Baars
<Darren.Baars@nzta.govt.nz>; milan.caird@nzta.govt.nz; Peter.Dykes@education.govt.nz;
Phil.Wise@education.govt.nz; 'Papers2review@tearawhiti.govt.nz'
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Subject: For Feedback: Cabinet paper - approval to consult on rates for the FENZ levy

Tēnā koutou

We are seeking agency feedback on the attached Cabinet paper and discussion document (an interim CRIS is also provided for reference). The paper seeks approval for Fire and Emergency to release a discussion document outlining proposals for insurance levy rates that will fund the organisation from 2026 to 2029. Please note these documents have been provided **IN-CONFIDENCE**. Please do not share them outside your organisation.

This paper follows the levy exemptions paper we sent out for feedback last week. As a reminder, agency feedback on the exemptions paper is due on 4 March.

The discussion document will seek public feedback on:

- the activities Fire and Emergency plans to undertake for the three-year period of the levy and revenue required to carry out those activities;
- the methodology it has used to allocate its expected revenue needs between different levy payer groups; and
- proposed levy rates for different policy holder groups.

You may have seen a previous iteration of these papers when we sought agency feedback in May 2023. The proposals in this updated version of the discussion document are the same.

We ask that you provide any feedback you have on this paper by **COB on Tuesday 12 March**. We anticipate that Ministerial consultation on the paper will run from 7 – 15 March.

Next steps:

Levy rates Cabinet paper – Approval for public consultation

Milestone	Indicative Date
Final papers to Minister for lodging	19 March
ECO Committee	27 March
Cabinet	2 April
Public Consultation begins (pending Cab approval)	8 April

Exemptions Cabinet paper – Approval of policy decisions

Milestone	Indicative Date
Final papers to Minister for lodging	12 March
ECO Committee	20 March
Cabinet	25 March

Ngā mihi
Michael

Michael Kane (he/him) | Senior Policy Analyst
Rōpū Kaupapahere | Policy Group
The Department of Internal Affairs Te Tari Taiwhenua
DDI: 9(2)(a)



MINISTRY OF TRANSPORT

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18 March 2024

TALKING POINTS – PROPOSALS FOR EXEMPTIONS TO THE FIRE AND EMERGENCY LEVY

Purpose

- 1 This paper provides you with background and talking points to the Cabinet paper *Proposals for exemptions to the fire and emergency levy* for the ECO meeting on Wednesday 20 March.

Recommendation

- 2 The Ministry recommends that Cabinet **agree** that aircraft, ships, and transport infrastructure are exempt from the insurance-based levy outlined in Part 3 of the FENZ Act that will come into force from 1 July 2026.

Background

- 3 Cabinet needs to make decisions on the exemptions to the insurance levy that will fund Fire and Emergency New Zealand (FENZ) from 1 July 2026. This replaces the transitional levy that has been in place since the establishment of FENZ in 2017.
- 4 The transitional levy includes exemptions for aircraft, ships, and transport infrastructure (which were exempted under the Fire Services Act 1975). The proposals in the paper recommend removing these transport related exemptions from the new levy regime.
- 5 The reasons for the Ministry's opposition to these proposals, and your suggested talking points are outlined below.

Aircraft

- 6 Aircraft already pay landing charges to tier 1 and 2 airports for the provision of Airport Rescue Fire Services that is not provided by FENZ (this includes all Air New Zealand and JetStar flights). The proposed FENZ levy effectively becomes a double charge.
- 7 FENZ responds to a small portion of total aviation incidents in New Zealand, usually for general aviation (private) aircraft at small airstrips. The RIS estimates FENZ responds to an average of 40 aviation incidents each year – this equates to 0.045% of FENZ responses. This does not meet the equity test in section 80(c) of the FENZ Act that a levy is commensurate with the use of FENZ services.

- 8 New Zealand's Search and Rescue system leads responses to aviation incidents that occur on outside airport environs; this activity is coordinated by MNZ not FENZ. NZSAR data (official Government information held by MoT on behalf of NZ Police and MNZ) only shows one aviation incident of this type that FENZ attended in the last five years.
- 9 A 'back of the envelope' calculation on potential costs to the aviation sector (using the proposed starting points for the new levy regime in the separate Cabinet paper seeking permission to begin public consultation) indicates:
- Air New Zealand's domestic A320 fleet fire levy would be in the vicinity of \$3.25 million p/a (approx \$191k per aircraft).
 - Air New Zealand's ATR fleet fire levy would be in the vicinity of \$1.5 million p/a.
 - JetStar's fleet operates across New Zealand and Australia. If the levy applied, they would face a similar cost per aircraft for their A320 fleet.

Ships

- 10 It is rare for FENZ to be in a position to assist with maritime incidents. Most fires on ships occur at sea with no FENZ involvement. Additionally, certain commercial ships operating under MNZ's certification system are required to have crew trained in firefighting, and/or firefighting systems on board the ship.
- 11 The RIS estimates FENZ responds to an average of 20 maritime incidents per year – this equates to 0.023% of FENZ responses, which does not meet the levy equity test in the FENZ Act.
- 12 MNZ provided data to DIA in November 2022 that FENZ only responded to two fires on board recreational boats over a four-year period.
- 13 A back of the envelope calculation for KiwiRail (InterIslander fleet) is a fire levy cost in the vicinity of \$146k per year.
- 14 The largest commercial fleet operators in New Zealand are the Department of Conservation and Coastguard NZ. Any fire levy costs would be sought from the Crown.
- 15 The FENZ Act expanded FENZ's functions to include *assisting* with maritime incidents (if possible). NZSAR data indicates FENZ responds to an average of 7 recreational vessel-related incidents each year. Coastguard NZ responded to 2,596 maritime incidents last year.
- 16 There is also a risk of a legal challenge if Coastguard NZ was encumbered with a levy for the purposes of meeting FENZ's costs for maritime response, as they respond to 130 times more maritime incidents than FENZ does.

Transport infrastructure

- 17 The main functions of FENZ includes rescuing people who are trapped as the result of a transport accident and responding to incidents involving hazardous substances. FENZ's additional functions include providing assistance at transport accidents.

- 18 FENZ response to traffic accidents has increased over recent years and now accounts for 16.9% of all FENZ responses. The separate Cabinet paper seeking permission to begin consultation on the levy rates seeks to rebalance the proportion of the levy paid by the motor vehicle levy.
- 19 The Ministry agrees that FENZ should receive a levy for responding to traffic accidents and hazardous spills on transport infrastructure. However, as the motor vehicle levy covers the cost of FENZ's response to traffic accidents, applying a levy to the transport infrastructure owner, as well as to the road user, becomes a double-charge for the provision of a singular service.
- 20 The Cabinet paper also argues that transport infrastructure receives a benefit when FENZ responds to severe weather events. This type of activity is a public good activity and FENZ receives direct Crown investment for this via Vote Internal Affairs. Charging a levy for public good response activities becomes a double-dipping exercise by FENZ.
- 21 NZTA performed a quick calculation using the proposed levy rate for three of their current projects where they have Contract Works insurance in place. The cost to NZTA for the FENZ levy for just these three projects would jump from \$5,587 to over \$3.1 million. This would be a direct cost to the Crown.
- 22 We have not been allowed to consult with KiwiRail so are unsure what extra costs they may face.

Talking points

- I do not support the recommendations in the Cabinet paper to remove the transitional levy exemptions for aircraft, ships, and transport infrastructure.
- These exemptions have been in place since the Fire Services Act 1975, and there is not a justified reason to remove them.
- FENZ responses to aviation and maritime incidents accounts for less than one-tenth of a percent (0.045% and 0.023%) of their responses each year.
- This means that the application of the levy does not meet the equity test set out in section 80(c) of the FENZ Act – stipulating that the levy should be commensurate with the use of FENZ services.
- Furthermore, the aviation and maritime sectors often provide their own fire and emergency response services, either at airports or by shipboard firefighting systems.
- The motor vehicle levy already covers the cost of FENZ responses to incidents on transport infrastructure.
- Likewise, FENZ responses to severe weather events impacting transport infrastructure is a public good activity, and FENZ receives direct Crown funding for the public good component of their services via Vote Internal Affairs.
- To remove these exemptions, would effectively mean the implementation of a double charge for road users, aviation, and the maritime sectors.

- As Minister for Transport, I cannot support a levy that effectively enables FENZ to charge for services that are already paid for or for services that are predominately not provided by FENZ.
- The proposed FENZ levy costs for aviation for example are high and disproportionate, especially when major airports already provide rescue fire services.
- For the A320 fleet, it looks like the levy will introduce around \$191,000 for each aircraft.
- In a period where airlines are passing costs onto the traveller, we need to be more efficient, prudent, and fair with the implementation of such charges.
- NZTA have contracts works insurance in place for their projects. The proposed FENZ levy costs for three of their current projects (N2P main works and Eastern Bays 5 & 6, Penlink, and Takitimu Northern Link) have been calculated to be in excess of \$3.1million, which will be a direct cost to the Crown. This will place more pressure on the National Land Transport Fund and increase costs for future RONS projects.
- I ask that the Minister for Internal Affairs **agrees** that aircraft, ships, and transport infrastructure remain exempt from the insurance-based levy outlined in Part 3 of the FENZ Act that will come into force from 1 July 2026.

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18 March 2024

TALKING POINTS – PROPOSALS FOR EXEMPTIONS TO THE FIRE AND EMERGENCY LEVY

Purpose

- 1 This paper provides you with background and talking points to the Cabinet paper *Proposals for exemptions to the fire and emergency levy* for the ECO meeting on Wednesday 20 March.

Recommendation

- 2 The Ministry **recommends** that aircraft, ships, and transport infrastructure remain exempt from the insurance-based levy outlined in Part 3 of the FENZ Act that will come into force from 1 July 2026.
- 3 The following recommendations in the Cabinet paper would need to be amended:
 - 3.1 **Recommendation 5.7** is amended to read “ships”
 - 3.2 **Recommendation 5.8** is amended to read “aircraft”
 - 3.3 **Recommendation 7.1** is amended to read “quarries” (deletes reference to transport infrastructure)
 - 3.4 **Recommendation 7.8** is deleted
 - 3.5 **Recommendation 7.9** is deleted

Background

- 4 Cabinet needs to make decisions on the exemptions to the insurance levy that will fund Fire and Emergency New Zealand (FENZ) from 1 July 2026. This replaces the transitional levy that has been in place since the establishment of FENZ in 2017.
- 5 The transitional levy includes exemptions for aircraft, ships, and transport infrastructure (which were exempted under the Fire Services Act 1975). The proposals in the paper recommend removing these transport related exemptions from the new levy regime.
- 6 The reasons for the Ministry’s opposition to these proposals, and your suggested talking points are outlined below.

Aircraft

- 7 Aircraft already pay landing charges to the six tier 1 and eight tier 2 Airports for the provision of Airport Rescue Fire Services. These fire services are provided by the airports and not by FENZ, and covers all Air New Zealand and JetStar flight operations in NZ. FENZ staff are not trained to provide the required aviation fire fighting services at the tier 1 and tier 2 airports.
- 8 As such, the proposed FENZ levy effectively becomes a double charge for the main operators in the aviation sector.
- 9 FENZ responds to a small portion of total aviation incidents in New Zealand, usually for general aviation (private) aircraft at small airstrips. The RIS estimates FENZ responds to an average of 40 aviation incidents each year – this equates to 0.045% of FENZ responses. This does not meet the equity test in section 80(c) of the FENZ Act that a levy is commensurate with the use of FENZ services.
- 10 New Zealand's Search and Rescue system leads responses to aviation incidents that occur on outside airport environs; this activity is coordinated by MNZ not FENZ. NZSAR data (official Government information held by MoT on behalf of NZ Police and MNZ) only shows one aviation incident of this type that FENZ attended in the last five years.
- 11 A 'back of the envelope' calculation on potential costs to the aviation sector (using the proposed starting points for the new levy regime in the separate Cabinet paper seeking permission to begin public consultation) indicates:
 - Air New Zealand's domestic A320 fleet fire levy would be in the vicinity of \$3.25 million p/a (approx \$191k per aircraft).
 - Air New Zealand's ATR fleet fire levy would be in the vicinity of \$1.5 million p/a.
 - JetStar's fleet operates across New Zealand and Australia. If the levy applied, they would face a similar cost per aircraft for their A320 fleet.

Ships

- 12 It is rare for FENZ to be in a position to assist with maritime incidents. Most fires on ships occur at sea with no FENZ involvement. Additionally, certain commercial ships operating under MNZ's certification system are required to have crew trained in firefighting, and/or firefighting systems on board the ship.
- 13 The RIS estimates FENZ responds to an average of 20 maritime incidents per year – this equates to 0.023% of FENZ responses, which does not meet the levy equity test in the FENZ Act.
- 14 A further breakdown of FENZ responses to maritime incidents using MNZ data, shows that FENZ only responded to two fires on board recreational boats that were tied up alongside at marinas over a four-year period.
- 15 A back of the envelope calculation for KiwiRail (InterIslander fleet) is a fire levy cost in the vicinity of \$146k per year.

- 16 The largest commercial fleet operators in New Zealand are the Department of Conservation and Coastguard NZ. Any fire levy costs would be sought from the Crown.
- 17 The FENZ Act expanded FENZ's functions to include *assisting* with maritime incidents (if possible). NZSAR data indicates FENZ responds to an average of 7 recreational vessel-related incidents each year. Coastguard NZ responded to 2,596 maritime incidents last year.
- 18 There is also a risk of a legal challenge if Coastguard NZ was encumbered with a levy for the purposes of meeting FENZ's costs for maritime response, as they respond to 130 times more maritime incidents than FENZ does.

Transport infrastructure

- 19 The main functions of FENZ includes rescuing people who are trapped as the result of a transport accident and responding to incidents involving hazardous substances. FENZ's additional functions include providing assistance at transport accidents.
- 20 FENZ response to traffic accidents has increased over recent years and now accounts for 16.9% of all FENZ responses. The separate Cabinet paper seeking permission to begin consultation on the levy rates seeks to rebalance the proportion of the levy paid by the motor vehicle levy.
- 21 The Ministry agrees that FENZ should receive a levy for responding to traffic accidents and hazardous spills on transport infrastructure. However, as the motor vehicle levy covers the cost of FENZ's response to traffic accidents, applying a levy to the transport infrastructure owner, as well as to the road user, becomes a double-charge for the provision of a singular service.
- 22 The Cabinet paper also argues that transport infrastructure receives a benefit when FENZ responds to severe weather events. This type of activity is a public good activity and FENZ receives direct Crown investment for this via Vote Internal Affairs. Charging a levy for public good response activities becomes a double-dipping exercise by FENZ.
- 23 NZTA performed a quick calculation using the proposed levy rate for three of their current projects where they have Contract Works insurance in place. The cost to NZTA for the FENZ levy for just these three projects would jump from \$5,587 to over \$3.1 million. This would be a direct cost to the Crown.
- 24 We have not been allowed to consult with KiwiRail so are unsure what extra costs they may face.

Talking points

- I do not support the recommendations in the Cabinet paper to remove the transitional levy exemptions for aircraft, ships, and transport infrastructure.
- These exemptions have been in place since the Fire Services Act 1975, and there is not a justified reason to remove them.
- FENZ responses to aviation and maritime incidents accounts for less than one-tenth of a percent (0.045% and 0.023%) of their responses each year.
- This means that the application of the levy does not meet the equity test set out in section 80(c) of the FENZ Act – stipulating that the levy should be commensurate with the use of FENZ services.
- Not all FENZ call outs to aviation and maritime incidents result in FENZ providing a firefighting or rescue response. Applying a FENZ levy would be highly disproportionate between costs and services provided. This would also not meet cost effectiveness and administrative efficiency to apply a levy regime for an average of 40-60 FENZ callouts per year (out of a total of over 88,500 callouts).
- The aviation and maritime sectors often provide their own fire and emergency response services, either at airports or by shipboard firefighting systems.
- The motor vehicle levy already covers the cost of FENZ responses to incidents on transport infrastructure.
- Likewise, FENZ responses to severe weather events impacting transport infrastructure is a public good activity, and FENZ receives direct Crown funding for the public good component of their services via Vote Internal Affairs.
- To remove these exemptions, would effectively mean the implementation of a double charge for road users, aviation, and the maritime sectors.
- As Minister for Transport, I cannot support a levy that effectively enables FENZ to charge for services that are already paid for or for services that are predominately not provided by FENZ.
- The proposed FENZ levy costs for aviation for example are high and disproportionate, especially when the 14 tier 1 and 2 airports already provide rescue fire services. These airports service all Air NZ and JetStar flights in NZ.
- For the A320 fleet, it looks like the levy will introduce around \$191,000 for each aircraft.
- In a period where airlines are passing costs onto the traveller, we need to be more efficient, prudent, and fair with the implementation of such charges.
- NZTA have contracts works insurance in place for their projects. The proposed FENZ levy costs for three of their current projects (N2P main works and Eastern Bays 5 & 6, Penlink, and Takitimu Northern Link) have been calculated to be in excess of \$3.1million, which will be a direct cost to the Crown. This will place more pressure on the National Land Transport Fund and increase costs for future RONS projects.
- I ask that the Minister for Internal Affairs **agrees** that aircraft, ships, and transport infrastructure remain exempt from the insurance-based levy outlined in Part 3 of the FENZ Act that will come into force from 1 July 2026, and that the following amendments are made to the recommendations in this paper:

- **Recommendation 5.7** is amended to read “ships”
- **Recommendation 5.8** is amended to read “aircraft”
- **Recommendation 7.1** is amended to read “quarries” (deletes reference to transport infrastructure)
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18 March 2024

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Purpose

- 1 This paper provides you with background and talking points to the Cabinet paper *Proposals for exemptions to the fire and emergency levy* for the ECO meeting on Wednesday 20 March.

Recommendation

- 2 The Ministry **recommends** that aircraft, ships, and transport infrastructure remain exempt from the insurance-based levy outlined in Part 3 of the FENZ Act that will come into force from 1 July 2026.
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- 19 The main functions of FENZ includes rescuing people who are trapped as the result of a transport accident and responding to incidents involving hazardous substances. FENZ's additional functions include providing assistance at transport accidents.
- 20 FENZ response to traffic accidents has increased over recent years and now accounts for 16.9% of all FENZ responses. The separate Cabinet paper seeking permission to begin consultation on the levy rates seeks to rebalance the proportion of the levy paid by the motor vehicle levy.
- 21 The Ministry agrees that FENZ should receive a levy for responding to traffic accidents and hazardous spills on transport infrastructure. However, as the motor vehicle levy covers the cost of FENZ's response to traffic accidents, applying a levy to the transport infrastructure owner, as well as to the road user, becomes a double-charge for the provision of a singular service.
- 22 The Cabinet paper also argues that transport infrastructure receives a benefit when FENZ responds to severe weather events. This type of activity is a public good activity and FENZ receives direct Crown investment for this via Vote Internal Affairs. Charging a levy for public good response activities becomes a double-dipping exercise by FENZ.
- 23 In November 2022, NZTA performed a quick calculation using the proposed levy rate for three of their current projects where they have Contract Works insurance in place. The cost to NZTA for the FENZ levy for just these three projects would jump from \$5,587 to over \$3.1 million. This would be a direct cost to the Crown.
- 24 The projects are:
- 24.1 Ngauranga to Petone walking and cycling route between Petone and Wellington. Construction on this project started in October 2022, and there have been zero FENZ responses to date.
- 24.2 Penlink highway between Whangaparāoa Road and State Highway 1 in Auckland. Construction on this project started in August 2022, and there have been zero FENZ responses to date.

24.3 Takitimu North Link Stage One which will connect Tauranga and Te Puna with a new four-lane expressway and shared path. Construction on this project started in November 2021, and there have been zero FENZ responses to date.

25 We have not been allowed to consult with KiwiRail so are unsure what extra costs they may face.

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Talking points

- I do not support the recommendations in the Cabinet paper to remove the transitional levy exemptions for aircraft, ships, and transport infrastructure.
- These exemptions have been in place since the Fire Services Act 1975, and there is not a justified reason to remove them.
- FENZ responses to aviation and maritime incidents accounts for less than one-tenth of a percent (0.045% and 0.023%) of their responses each year.
- This means that the application of the levy does not meet the equity test set out in section 80(c) of the FENZ Act – stipulating that the levy should be commensurate with the use of FENZ services.
- Not all FENZ call outs to aviation and maritime incidents result in FENZ providing a firefighting or rescue response. Applying a FENZ levy would be highly disproportionate between costs and services provided. This would also not meet cost effectiveness and administrative efficiency to apply a levy regime for an average of 40-60 FENZ callouts per year (out of a total of over 88,500 callouts).
- The aviation and maritime sectors often provide their own fire and emergency response services, either at airports or by shipboard firefighting systems.
- The motor vehicle levy already covers the cost of FENZ responses to incidents on transport infrastructure.
- Likewise, FENZ responses to severe weather events impacting transport infrastructure is a public good activity, and FENZ receives direct Crown funding for the public good component of their services via Vote Internal Affairs.
- To remove these exemptions, would effectively mean the implementation of a double charge for road users, aviation, and the maritime sectors.
- As Minister for Transport, I cannot support a levy that effectively enables FENZ to charge for services that are already paid for or for services that are predominately not provided by FENZ.
- The proposed FENZ levy costs for aviation for example are high and disproportionate, especially when the 14 tier 1 and 2 airports already provide rescue fire services. These airports service all Air NZ and JetStar flights in NZ.
- For the A320 fleet, it looks like the levy will introduce around \$191,000 for each aircraft.
- In a period where airlines are passing costs onto the traveller, we need to be more efficient, prudent, and fair with the implementation of such charges.
- NZTA have contracts works insurance in place for their projects. The proposed FENZ levy costs for three of their current projects (Ngauranga to Petone main works, Penlink (Whangaparāoa Road to SH1), and Takitimu Northern Link (Tauranga)) have been calculated to be in excess of \$3.1million, which will be a direct cost to the Crown.
- There have been zero FENZ responses to incidents on these work projects since construction started over 18 months ago.

- This will place more pressure on the National Land Transport Fund and increase costs for future RONS projects, while not providing any direct benefits to major transport projects.
- I ask that the Minister for Internal Affairs **agrees** that aircraft, ships, and transport infrastructure remain exempt from the insurance-based levy outlined in Part 3 of the FENZ Act that will come into force from 1 July 2026, and that the following amendments are made to the recommendations in this paper:
 - o **Recommendation 5.7** is amended to read “ships”
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