

HOUSE OF REPRESENTATIVES

Supplementary Order Paper

Thursday, 22 July 1993

EARTHQUAKE COMMISSION BILL

Proposed Amendments

Hon. SIMON UPTON, in Committee, to move the following amendments:

New Part V: To add the following Part:

PART V

AMENDMENTS TO FIRE SERVICE ACT 1975

36. This Part to be read with Fire Service Act 1975—

(1) This Part of this Act shall be read together with and deemed part of the Fire Service Act 1975* (in this Part of this Act referred to as the principal Act).

(2) This Part of this Act shall come into force on the 1st day of January 1994.

*R.S. Vol. 27, p. 11
Amendment: 1992, No. 133

37. Definitions—Section 47B of the principal Act (as inserted by section 7 (1) of the Fire Service Amendment Act 1986) is hereby amended by inserting, in its appropriate alphabetical order, the following definition:

“‘Motor vehicle’ means a motor vehicle as defined in section 2 (1) of the Transport (Vehicle and Driver Registration and Licensing) Act 1986; but does not include any motor vehicle with a gross laden weight (as defined in section 2 (1) of the Road User Charges Act 1977) exceeding 3.5 tonnes.”

38. Levy—(1) Section 48 of the principal Act is hereby amended by repealing subsection (2) (as substituted by section 35 (1) of the Fire Service Amendment Act 1990), and substituting the following subsection:

“(2) The Governor-General may from time to time, by Order in Council, prescribe—

“(a) The rate of the levy that shall be computed at a uniform rate per annum on every motor vehicle which is insured in terms of any contract of fire insurance,

whether or not the contract specifies the sum insured; and

“(b) The rate of the levy that shall be computed on all other property on—

“(i) The amount for which the property is insured for the period of the contract of fire insurance; and

“(ii) The period of the contract of fire insurance:

“Provided that where the period of the contract is in respect of any period other than a complete year, the levy shall be calculated as a pro rata proportion of the levy for a complete year.”

(2) Section 48 of the principal Act is hereby amended by repealing subsections (6), (6A), and (6B) (as substituted by section 2 (1) of the Fire Service Amendment Act 1992), and substituting the following subsections:

“(6) For the purposes of subsection (2) (b) of this section, the amount for which the property is insured for the contract of fire insurance shall be—

“(a) In the case of residential property as defined in section 2 (1) of the Earthquake Commission Act 1993, the amount for which that property is insured pursuant to section 18 of that Act:

“(b) In the case of personal property as defined in section 2 (1) of the Earthquake Commission Act 1993, the amount for which that property is insured pursuant to section 20 of that Act:

“(c) In the case of other property, where the contract of fire insurance provides for the settlement of any claim for damage to or destruction of the property upon any basis more favourable to the insured person than its indemnity value or where there is no sum insured in the contract, be computed on the basis of the indemnity value of the property as stated by either of the following:

“(i) A declaration signed by the owner to the effect that the indemnity value declared by the owner for the purposes of the levy is a fair and reasonable indemnity value in relation to the replacement value of the property:

“(ii) A valuation certificate—

“(A) Given by a registered architect, a valuer registered under the Valuers Act 1948, an engineer registered under the Engineers Registration Act 1924, or a quantity surveyor possessing qualifications and experience suitable for the purposes of this Act, or a plant and machinery valuer possessing qualifications and experience suitable for the purposes of this Act, being in any case a person who is competent to give such a valuation; and

“(B) Establishing clearly the indemnity value of the property for the purposes of the levy:

“(d) In any case where the indemnity value cannot be established under paragraph (c) of this subsection, be computed—

“(i) Where the contract specifies the sum insured, on that sum:

“(ii) Where the contract does not specify the sum insured, in the manner determined by the Fire Service Commission.

“(6A) For the purpose of **subsection (6)** of this section, the insurance company shall hold for the purpose of audit under section 51 of this Act all declarations and certificates furnished to it under that subsection.

“(6B) Where the Commission considers that the indemnity value declared in respect of any property by the owner under **subsection (6)** of this section is not a fair and reasonable indemnity value in relation to the replacement value of the property, the following provisions shall apply:

“(a) The Commission shall, before the expiry of the contract, determine a fair and reasonable indemnity value and, subject to **paragraph (d)** of this subsection, the levy shall be computed on the basis of that determination:

“(b) The Commission shall notify the owner in writing of—

“(i) Its determination; and

“(ii) The owner’s right of objection under **paragraph (c)** of this subsection:

“(c) Within 28 days after receiving the notice under **paragraph (b)** of this subsection, the owner may object in writing to the Commission’s determination; and every such objection shall be supported by a valuation certificate that complies with **subsection (6) (c) (ii)** of this section:

“(d) If the owner furnishes a valuation certificate under **paragraph (c)** of this subsection, the Commission shall be liable to pay 50 percent of the costs incurred in obtaining the valuation, and the levy shall be computed on the basis of that valuation.”

(3) Section 2 of the Fire Service Amendment Act 1992 is hereby consequentially repealed.

First Schedule: To omit from clause 5 (6) (first line) the words “presiding member”, and substitute the word “chairperson”.

EXPLANATORY NOTE

New Part V: The new Part V makes amendments to the Fire Service Act 1975 to provide a basis for determining values for fire service levy purposes for insured domestic buildings and contents and insured motor vehicles (in place of the indemnity values determined under the Earthquake and War Damage Act 1944 as at present).

The new basis is—

(a) In the case of insured motor vehicles, the fire service levy will be on a uniform charge (flat rate), but with insured trucks, buses, and heavy trailers to continue on the same sum insured basis as for commercial property in terms of the amendments made by the Fire Service Amendment Act 1992:

(b) In the case of insured domestic dwellings, the fire service levy will be on the new Earthquake Commission sum insured pursuant to *clause 18* of the Earthquake Commission Bill:

(c) In the case of insured domestic contents, the fire service levy will be on the new Earthquake Commission sum insured pursuant to *clause 20* of the Earthquake Commission Bill:

(d) In the case of all other property, the amendments made by the Fire Service Amendment Act 1992 are re-enacted. That is, the levy will be on the same basis as at present.

First Schedule: The amendment changes the term "presiding member" to "chairperson" to be consistent with similar amendments made by the Finance and Expenditure Committee.