Submission No 73

EMERGENCY SERVICES FUNDING REFORM

Organisation: Real Estate Institute of NSW (REINSW)

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for members since 1910

The Real Estate Institute of New South Wales Limited

Submission on the NSW Government Emergency Services Funding Reform Options Paper

22 June 2026

TO: **Ms. Jacqui Scruby**
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Parliament of NSW
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1. Introduction

This Submission has been prepared by The Real Estate Institute of New South Wales Limited (**REINSW**) and is in response to NSW Government's Emergency Services Funding Reform Options Paper (**Options Paper**).

REINSW is the largest professional association of real estate agents and other property professionals in New South Wales. REINSW seeks to promote the interests of its members and the property sector on property-related issues. In doing so, REINSW plays a substantial role in the formation of regulatory policy in New South Wales.

The Options Paper considers a range of options to replace the current Emergency Services Levy (**ESL**), all of which reflect a high-level design framework of increasing fixed charges based on land values. In this submission, REINSW has considered broad financial implications, practical needs of stakeholders, data quality and demographics in the property sector.

REINSW appreciates the opportunity to provide feedback and recommendations to Government on the proposed reform options.

2. Feedback on the Options Paper

REINSW has reviewed the Options Paper and is of the view that any reform to emergency services funding should be assessed against principles of fairness, proportionality and sectoral impact, rather than further concentrating the funding burden on property owners. REINSW is also concerned about certain generalisations made by Government regarding the onus of contribution for any replacement levy, financial impacts and the reliability of the data cited. As such, REINSW cannot support any of the proposed replacement levy options at this stage.

In particular, REINSW highlights the following concerns and recommendations:

1. **Disproportionate treatment:** REINSW is of the view that the cost of funding emergency services should not fall on property owners. REINSW is concerned that the property sector in NSW already carries a substantial and growing burden of taxation and statutory charges, including transfer duty, land tax, council rates, strata-related costs, insurance costs and other statutory charges. If the policy rationale underpinning the ESL reforms is to ensure emergency services are properly and sustainably funded, ***REINSW recommends*** that Government consider whether emergency services should be funded by other sectors that benefit from emergency services or contribute to the risks and costs those services are required to manage. More specifically, Government should consider whether the cost should be paid by:

   (a) those who benefit financially from better emergency services (for example, insurers may benefit if a well-funded emergency services system reduces the scale of property damage and insurance claims, meaning an additional levy may not be required); and

   (b) those whose activities contribute to higher emergency risks or costs (for example, industries with high emissions may contribute to climate change and climate-related risks, such as bushfires, floods or severe weather events, which can increase demand for emergency services).

2. **Housing and insurance affordability impacts:** REINSW is concerned that shifting the levy onto property will make owning, buying or renting housing more expensive with a negative impact on housing affordability, even though the Options Paper suggests that the reform is supposed to ease cost-of-living pressure.

   The Options Paper suggests that replacing the ESL with a levy disconnected from insurance premiums will make insurance more affordable by removing economic barriers preventing property owners from taking up appropriate levels of insurance. In the Options Paper, Government bases this claim on a hypothetical model that applies estimated 2065-66 climate conditions to current insurance premiums, concluding that premiums would increase, leading to a more financially burdensome ESL. Using this model that is not evidence-based, the Options Paper projects that removing the ESL will encourage insurance companies to lower premiums, leading to more insurance purchases. However, this is not a reliable assumption. Although insurers will benefit financially if the levy is disconnected from insurance premiums, REINSW is concerned that the insurers have no obligation to pass on these savings to consumers by way of reduced premiums. If insurance companies elect not to reduce premiums, the cost of funding emergency services will be shifted onto property owners and, ultimately, buyers and renters. This would undermine the stated objective of easing cost-of-living pressures and risks replacing one affordability burden with another.

   Additionally, while Section 6.1 of the Options Paper projects lower overall levy contributions for an average of 57% of insured residential property owners across all the proposed replacement options, this dataset does not tell the full story. For example, in population-dense areas like Sydney where housing affordability issues are at their greatest, the Valuer General's residential land values are in the higher percentiles. This means the existing ESL on home insurance is likely to be significantly less than any of the levy replacement options based on unimproved land value, with the possible exception of Option A. This is problematic, as any further property ownership costs will ultimately impact tenants through lease negotiations, rent reviews and other outgoings.

   Furthermore, Section 6.1 does not adequately account for impacts on uninsured residential property owners or units. As the Options Paper states, only 19% of insured units are expected to face lower costs under the proposed reforms, meaning any of the proposed replacement levies will have a widespread financial impact on affordability for unit owners, who already need to pay strata levies and other associated costs.

   REINSW notes that the Options Paper also fails to disclose the average increase in costs for the 43% of insured residential properties that would pay more on average across the proposed replacement options. As Government has only provided selected cohort averages across fixed tiers, it is difficult to calculate whether the 43% would need to pay more than the $65 average saved by the 57%. If this were to be the case, inequality in affordability across the housing market would be heightened further.

   As such, ***REINSW recommends*** that Government conduct further research on rental affordability impacts before preferencing or proposing any levy reform options.

3. **Assumptions regarding capacity to pay:** REINSW is concerned that Government has too readily accepted the premise that land values are broadly reflective of property owners' capacity to pay. The Options Paper proposes levy options based on fixed charges increasing by land value. However, land value as a metric does not capture

nuances around cash flow, rental income, vacancies or maintenance costs. This is particularly relevant for the following demographics:

- **Owners by inheritance:** REINSW is concerned that an owner by way of inheritance may be asset-rich and cash-poor, lacking the income to pay for an increase in levy contributions even if their property holds a comparatively high land value. A fixed land value levy on top of the growing list of property ownership costs may force such owners to sell and exit the property market.

- **Retirees:** REINSW notes that the Options Paper has factored in a $60 pensioner discount across all the replacement levy options. However, REINSW is concerned that this discount may not be enough to sufficiently mitigate the costs incurred from a property-based replacement levy, and any attempts to supplement a higher pensioner discount with increased charges for other property owners will only magnify the issues identified in paragraph 2 above. There exists a significant number of retirees who rely heavily on an investment property to support their retirement, rather than savings or superannuation. This demographic would be subject to higher levy contribution requirements, while not being in as strong a financial position as the Options Paper assumes investor owners generally are in.

- **Commercial and industrial property owners:** As reflected in the modelling under section 6.1 of the Options Paper, even the most favourable options for insured commercial and industrial property owners will only see 40% of commercial properties and 34% of industrial properties paying less under a replacement levy. This is significant, as commercial and industrial property ownership is highly diverse and includes small businesses, family investors and highly leveraged commercial landlords that may not lend to strong cash flow. In these cases, the increase in payments under a replacement levy will limit profitability and create further financial difficulties for them.

- **Outdated data:** REINSW is concerned that the Options Paper relies heavily on the Valuer General's 2023-24 land value data that is out of date, which poses significant issues given the proposed options are built on land value thresholds. The Valuer General's 2025 data shows that land values have continued to move unevenly across sectors and regions, and consideration of these updated figures is material to any assessment of fairness, capacity to pay, regional impacts and the number of properties likely to fall within each levy tier.[1] For example, residential land values across NSW have increased by 4.2% overall, with several previously lower-cost regional residential markets experiencing large increases, such as Hay (40.3%) and Brewarrina (33.8%).[2] These shifts in land value figures may have significant implications for projected average levy costs under any of the replacement options. ***REINSW recommends*** that Government update its distributional modelling using the NSW Valuer General's land values as at 1 July 2025 (published 25 November 2025) before any replacement levy model is preferred or recommended.

[1] New land values for New South Wales (departmental release, 25 November 2025) https://www.nsw.gov.au/housing-and-construction/land-values-nsw/news/2025-new-land-valuations-nsw.
[2] New land values for Regional New South Wales (departmental release, 25 November 2025) https://www.nsw.gov.au/housing-and-construction/land-values-nsw/news/2025-regional-nsw-land-values.

- **Phased transition**: REINSW maintains its previous recommendations on further research needing to be conducted prior to settling on a replacement option, particularly one that is property-based. Alternatively, and less favourably, if Government insists on proceeding with the proposed fixed land value reform options, ***REINSW recommends*** that Government consider a phased transition period over 3-years that avoids penalising owners who have recently renewed insurance and paid ESL. The Options Paper itself recognises this risk, and notes that an overnight transition would give limited time for property owners to adjust. Timing is also a major practical concern for property managers and strata managers, who would need to field questions and manage expectations from owners following the implementation of a replacement levy.

3. Conclusion

REINSW has considered the Options Paper and has provided its comments above, aiming to provide input on as many pertinent aspects of the Options Paper as possible.

REINSW considers that none of the levy replacement options provided are suitable, as they are fundamentally based on a land-value system that places the financial onus on property, when the sector is already heavily overregulated with other statutory charges. Furthermore, given the generalisations made about financial impacts and the reliability of the data cited, REINSW is of the view that further research on the impacts of ESL reforms is necessary, and that Government ought to consider alternative funding models that place greater responsibility on the broader community or on sectors with a direct impact on climate change and rising emergency services costs.

REINSW has provided comments above to assist Government to identify issues that will arise in practice. However, REINSW's resources are limited and, accordingly, it does not have the capacity to undertake a thorough review and is unable to exhaustively investigate all potential issues in this submission. Nonetheless, REINSW has identified a number of matters that it believes will cause significant consumer detriment, some of which appear above.

REINSW appreciates the opportunity to provide this submission and would be pleased to discuss it further, if required.

Yours faithfully

[redacted]

Tim McKibbin
Chief Executive Officer