Submission No 12

EMERGENCY SERVICES FUNDING REFORM

Organisation: Nambucca Valley Council

Date Received: 10 June 2026

Ref: 28048/2026
Yr Ref:
Contact: [redacted]
Phone: [redacted]
Email: council@nambucca.nsw.gov.au

Nambucca Valley Council

10/6/2026

Select Committee on Emergency Services Levy Funding Reform
Parliament House
Macquarie Street
SYDNEY NSW 2000

By email: emergencyservicesfunding@parliament.nsw.gov.au

To whom it may concern,

Submission – NSW Emergency Services Levy (ESL) Reform Options

Nambucca Valley Council appreciates the opportunity to provide feedback on the Emergency Services Levy (ESL) reform options outlined in the NSW Treasury Options Paper.

Responsibility for ESL Collection

The options paper does not clearly articulate how the NSW Government proposes to administer and collect the reformed ESL. However, based on the options presented, it appears that responsibility is likely to be transferred to local councils, with no materially different alternative delivery models explored.

If the intention is to shift responsibility to councils, this represents a significant transfer of both **administrative burden and financial risk**. Councils would not only be required to integrate the levy into existing systems, but also to undertake **compliance and enforcement functions**, including the recovery of unpaid levies.

In this context, it is essential that:

- **Full cost recovery** is provided to councils for administering the levy
- Adequate resourcing is funded to manage **billing, customer service, and debt recovery processes**
- The framework recognises the **ongoing effort required to pursue non-payment**, including legal and administrative costs

Without appropriate compensation and resourcing, the reform risks placing an unfunded mandate on local government, ultimately impacting councils' ability to deliver core services.

Additionally, limiting delivery to councils without clearly outlining alternative collection mechanisms reduces the opportunity to assess more efficient or centralised approaches that may better align with the State's objectives.

Pricing Model – Stepped vs Ad Valorem

The modelling options consistently adopt stepped pricing structures. The paper frequently notes that stepped approaches are "easy for owners to understand," aligning with the terms of reference emphasising simplicity and transparency.

However, it is difficult to reconcile this conclusion with the assertion that a stepped model is the simplest available approach. A strictly **ad valorem model**, based directly on land value, would arguably provide a more intuitive and transparent calculation method. Property owners are already familiar with land value–based charges (e.g. council rates), and a single percentage-based levy applied to land value would be:

- **Simpler to understand**: a consistent, proportional rate applied across all properties
- **More transparent**: removes artificial thresholds and banding effects
- **Easier to administer**: eliminates the need for tier categorisation and periodic band adjustments

Importantly, **it is Council's clear preference that any reformed ESL adopt an ad valorem methodology rather than a tiered or stepped pricing structure**, given its advantages in simplicity, transparency and equity.

Use of Ad Valorem Methodology in Local Government

An ad valorem approach is not only conceptually straightforward, but also highly practical within the existing local government framework.

Councils across NSW already utilise **unimproved land values** annually as the basis for calculating ordinary rates. This system is well understood, embedded in council financial processes, and supported by established valuation data provided by the NSW Valuer General.

Adopting an ad valorem ESL would therefore:

- **Leverage existing data**: no new valuation framework or dataset is required
- **Avoid duplication**: eliminates the need to create and maintain separate valuation bands or thresholds
- **Minimise administrative complexity**: councils need only apply a **rate in the dollar** to the existing land value
- **Ensure consistency**: aligns ESL calculation with existing rating structures already familiar to property owners

A key advantage of the ad valorem model is its flexibility. **Different rates in the dollar can be applied to various property sectors** (e.g. residential, commercial, industrial, farmland and public benefit categories), allowing the total ESL burden to be transparently and deliberately apportioned across sectors in line with policy objectives.

This enables:

- Targeted distribution of levy responsibility between sectors
- Alignment with existing rating category structures
- Clear visibility of how each sector contributes to emergency services funding

From an implementation perspective, this would be one of the most efficient mechanisms available. The calculation is simple, transparent and already operationally proven:

ESL = Land Value × Rate in the Dollar

This approach avoids unnecessary system redesign while ensuring clarity for both councils and ratepayers.

Equity Considerations

The reform identifies land value as a proxy for capacity to pay. If this principle is accepted, then a stepped system undermines the intent by weakening the proportional relationship between property value and levy amount.

For example, under the modelling presented in Table 8:

- A property with a land value of **$302,100** incurs an ESL of **$175**
- A property with a land value of **$1,410,000** incurs an ESL of **$523**

While the higher-value property is approximately **4.67 times greater in land value**, the ESL payable is only **2.99 times greater**.

This demonstrates a clear compression effect within the stepped model, where higher-value properties pay proportionally less relative to their land value than lower-value properties. This outcome is difficult to reconcile with the stated objective of improving equity.

A strictly ad valorem approach would:

- Maintain a consistent proportional relationship between land value and levy
- Better reflect capacity to pay
- Remove distortions introduced by banding thresholds
- Improve perceived fairness across the community

Conclusion

While the goal of simplicity is appropriate, the conclusion that stepped pricing best achieves this objective is not supported when compared to a straightforward ad valorem model. A proportional, land value–based levy would provide superior outcomes across both **simplicity** and **equity**, and should be given stronger consideration in the final reform design.

Additionally, the apparent assumption that councils will become the default delivery mechanism warrants further scrutiny, particularly given the absence of meaningful alternative models.

Yours faithfully

[redacted]

David Moloney
A/General Manager

cc Mayor, Nambucca Valley Council