Submission No 44

EMERGENCY SERVICES FUNDING REFORM

Organisation: Temora Shire Council

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Temora Shire Council

TEMORA
The Friendly Shire

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Select Committee on Emergency Services Funding Reform
Legislative Assembly, Parliament of NSW
emergencyservicesfunding@parliament.nsw.gov.au

Dear Committee Secretariat

Submission to the Inquiry into Emergency Services Funding Reform

Temora Shire Council welcomes the opportunity to provide feedback on the NSW Government's *Emergency Services Funding Reform Options Paper*.

At its Ordinary Meeting held on 18 June 2026, Council resolved to make a submission to the inquiry. Council appreciates the opportunity to contribute to this important reform process, particularly given the significant implications of the current emergency services funding arrangements for local government, ratepayers and communities across NSW.

Council supports reform of the current Emergency Services Levy funding model. The current system places a direct financial impost on local government, contributes to higher insurance premiums, and increases the risk of underinsurance and non-insurance in rural and regional communities. The Options Paper identifies that, under the current system, emergency services are funded by the ESL on insurance companies, local Councils and the State Government, with Councils currently contributing 11.7% of emergency services funding.

Temora Shire is a small rural council with limited resources, a high aged population and a significant farming sector. Council is particularly concerned to ensure that any replacement model is equitable, transparent, administratively efficient, and does not impose additional unfunded responsibilities on local government.

Council's key position is that the replacement levy should be collected by the State Government through Revenue NSW, not by local Councils.

Council's preferred levy design option is Option D: fixed charges with regional discounts, subject to further modelling, consultation and safeguards for rural and farming communities.

Collection of the levy

Council strongly submits that local Councils should not be the collection point for the replacement emergency services levy. The levy should instead be collected by the State Government through Revenue NSW.

Emergency services funding is a State Government responsibility. While Councils have historically made a contribution under the existing model, the replacement levy should be clearly identified, administered and collected as a State charge. Requiring Councils to collect the levy would create unnecessary confusion for ratepayers and would place additional administrative and financial burden on Councils, particularly small rural Councils with limited resources.

If the levy is included on council rates notices, many ratepayers will understandably assume that the charge is a council fee, council rate increase or council-controlled charge. This would create reputational risk for Councils and undermine transparency. Councils would be placed in the position of explaining and defending a State Government levy over which they have no control.

Council is also concerned about the administrative burden that collection through Councils would impose. This would include system changes, rates notice changes, customer service enquiries, reconciliation, reporting, payment allocation, hardship management and debt recovery. These functions are not cost-neutral. For small Councils, even minor additional administrative requirements can have a significant operational impact.

Debt recovery is a particular concern. Councils should not be required to pursue debt recovery for a State charge, nor should unpaid levy amounts complicate or compromise Councils' ordinary rate recovery processes. This would be especially problematic in rural communities where Councils already manage ratepayer hardship, drought impacts, cost-of-living pressure and limited internal resourcing.

Revenue NSW is the more appropriate collection agency. It already administers State taxes, levies and concessions and is better placed to ensure consistency across NSW. A State-administered collection model would provide clearer accountability, reduce confusion for ratepayers and avoid transferring administrative burden and reputational risk to local government.

Council therefore strongly recommends that:

The replacement emergency services levy be collected directly by the State Government through Revenue NSW, and not by local Councils.

Support for reform in principle

Council supports reform of the current insurance-based ESL model. The Options Paper notes that the current ESL increases the price of insurance and has increased the cost of residential property insurance by an average of 18% and non-residential property insurance by an average of 34% since 2017–18.

Council is keen to see reform that reduces insurance costs for residents, businesses and primary producers. In rural communities, insurance affordability is a significant issue. Higher premiums can contribute to underinsurance or non-insurance, increasing the vulnerability of households, farms and businesses when natural disasters occur.

Council also supports reform that reduces the financial impost on Councils under the current funding model. Small rural Councils such as Temora have limited revenue-raising capacity and are already facing significant financial sustainability challenges. Any replacement model should reduce, not shift or repackage, the burden currently borne by Councils.

Preferred model — Option D: fixed charges with regional discounts

Council's preferred model is Option D: fixed charges with regional discounts.

Council considers Option D to be the most appropriate of the options presented for small rural and regional Councils. The Options Paper explains that Option D applies lower levy amounts to properties in more remote locations with lower service provision, using four district classes: Greater Sydney, regional town/city, large rural and rural. It applies a 20% discount for regional town/city areas, a 40% discount for large rural areas and a 50% discount for rural areas.

Council supports this approach because it better recognises the circumstances of rural communities such as ours. Rural Councils often have lower levels of direct emergency service availability, longer response distances, lower population density and a greater reliance on volunteer emergency services. A model that applies the same levy structure across metropolitan and rural areas would not adequately reflect these differences.

Option D also has advantages over the other options because it retains the relative simplicity of a fixed charge model while introducing an adjustment for location. This is important. A model should be simple enough for ratepayers and property owners to understand, but not so blunt that it ignores clear differences in service access and regional circumstances.

Council considers that regional discounts are particularly important for small rural Councils with older populations, lower average household incomes and limited capacity to absorb additional cost imposts.

However, Council also notes that the Options Paper acknowledges the importance of a robust and fair classification process. It states that additional data on emergency service availability by region would be required to classify regions accurately and transparently and to determine appropriate discounts. Council strongly supports this qualification. Regional classifications must be transparent, evidence-based and subject to consultation with affected Councils.

Concerns for farming properties

While Council supports Option D, Council remains concerned about the impact of any land-value based levy on farming properties.

Council's local government area has a significant farming sector. Farming land values can be high, particularly for larger agricultural holdings. However, land value does not always reflect annual income, cashflow, liquidity or capacity to pay. Farming businesses may be asset-rich but income-variable, with capacity to pay affected by seasonal conditions, natural disasters such as drought and flood, commodity prices, input costs, biosecurity risks and broader economic conditions.

Council is concerned that some farming properties may face levy increases that are materially higher than their current ESL contribution. Council is concerned that some farming properties, particularly those with high land values, may face increases above the sector average or above the level experienced by other property cohorts.

The Options Paper indicates that, under the modelling, farm properties are not uniformly better off. It estimates that under Option D, 43.7% of insured farm properties would pay less under the replacement levy than under the ESL. This means that more than half of insured farm properties may pay the same or more, depending on their current ESL burden, land value and location classification.

Council is particularly concerned that high-value farmland may be exposed to the highest levy brackets. Even with regional discounts, large farming holdings with high unimproved land values may still face a significant levy burden. This is because the regional discount reduces the levy amount but does not alter the underlying land value tier into which the property falls.

Council therefore submits that regional discounts, while important and supported, may not be sufficient on their own to address the impact on high-value farming land.

Council recommends that the final model include additional safeguards for the farming sector, including:

- detailed LGA-level modelling of impacts on farming properties;
- modelling of impacts by land value tier within the farm category;
- transitional caps for properties facing significant increases;
- hardship provisions for primary producers experiencing financial distress;
- consideration of seasonal and disaster-related impacts on capacity to pay; and
- clear public information showing how farm levies are calculated and how regional discounts apply.

Council does not support any model that assumes high agricultural land value is, by itself, a reliable measure of capacity to pay.

Comparison with other options

Council considers Option D preferable to the other options presented.

Option A has the benefit of simplicity, but it does not sufficiently recognise regional differences in service access, response times and reliance on volunteer emergency services.

Option B increases escalation between land value tiers and may place greater pressure on higher-value properties without adequately addressing rural and regional circumstances.

Option C is of particular concern for rural Councils with significant farming land. The Options Paper notes that Option C introduces an additional top tier for the top 5% of farm properties with land values above $6.06 million, with a new levy amount $1,000 higher than Option A. Council is concerned that this approach may disproportionately affect larger farming properties where high land value does not necessarily reflect annual income or capacity to pay.

Option E addresses particular issues for units and mining properties but does not appear to provide a sufficient solution for the main issues affecting small rural Councils, including regional service differences and the treatment of farmland. The Options Paper notes that no specific model is presented under Option E for the farm sector because there is no practical way to identify farms by type, except by location or land-use zoning.

For these reasons, Council supports Option D as the most suitable option, subject to further modelling and safeguards.

Need for LGA-level modelling

Council strongly submits that statewide averages are not sufficient to assess the fairness of the replacement levy.

The impact on rural Councils will depend heavily on local land values, the proportion of farming properties, the number of pensioner-owned properties, the regional classification applied and the distribution of properties across levy tiers.

Before any final model is adopted, Council requests that NSW Treasury provide LGA-level modelling showing:

- the number and proportion of properties expected to pay more or less under each option;
- the average and median change by property category;
- the impact on farming properties by land value tier;
- the impact on pensioner-owned properties;
- the impact on residential, business, industrial, public benefit and vacant land categories;
- the effect of regional discounts; and
- the number of properties exposed to the highest levy brackets.

This modelling is essential to enable Councils and communities to properly understand the local impacts of the reform.

Pensioners and vulnerable residents

Council has a high aged population and considers that protections for pensioners and vulnerable residents are essential.

A flat concession may not be sufficient in communities with a high proportion of residents on fixed incomes. Pensioner concessions should be meaningful, indexed and supported by a hardship framework.

Council recommends that the final model include:

- a pensioner concession that materially reduces the levy impact;
- indexation of concessions over time;
- a hardship policy for residents experiencing financial stress; and
- transitional protections for households facing significant increases;

Passing on insurance savings

Council supports strong mechanisms to ensure that removal of the current ESL is passed on through lower insurance premiums.

This is particularly important in rural and regional communities where high insurance premiums can increase underinsurance risk. The success of the reform will depend on residents, businesses and primary producers actually receiving the benefit of reduced insurance costs.

Council supports strong monitoring and enforcement by the Insurance Monitor and clear public reporting on whether savings are being passed through to policyholders. The Options Paper notes that IPART has been appointed as the Insurance Monitor, with functions including monitoring the impact of reform on insurance prices, assessing whether insurers over-collect ESL and accepting undertakings to refund customers.

Conclusion

Temora Shire Council supports reform of the current emergency services funding model and supports the objective of reducing insurance costs, reducing underinsurance risk and reducing the financial impost on Councils.

Council's strongest position is that the replacement levy should be collected by the State Government through Revenue NSW, not by local Councils. Requiring Councils to collect the levy would impose administrative burden, create debt recovery complications, generate reputational risk and confuse ratepayers, who are likely to assume the charge is a council fee or rate increase.

Council's preferred levy model is Option D: fixed charges with regional discounts, as it best recognises the circumstances of small rural Councils and the lower levels of emergency service availability in regional and rural areas. However, Council remains concerned about the potential impact on farming properties with high land values and submits that further LGA-level modelling and farm-sector safeguards are required before a final model is adopted.

Council would welcome further consultation with NSW Treasury on the design, regional classification, collection mechanism and transitional arrangements for the replacement levy.

Council thanks the Committee for the opportunity to provide feedback on the proposed emergency services funding reform options. Council would welcome continued consultation with local government as the reform process progresses, to ensure that any future funding model is equitable, administratively efficient and sustainable for Councils and communities.

Yours faithfully

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MK Boxall
GENERAL MANAGER