Submission No 81

EMERGENCY SERVICES FUNDING REFORM

Organisation: MidCoast Council

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Jacqui Scruby MP
Committee Chair
NSW Legislative Assembly Select Committee -
On Emergency Services Funding Reform
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Members of the Committee,

Submission to the Select Committee on Emergency Services Funding Reform

MidCoast Council welcomes the opportunity to provide a submission to the NSW Parliament's Legislative Assembly Select Committee inquiry into Emergency Services Funding Reform.

Council notes that the Committee is considering replacement funding model options with reference to the levy design principles of cost recovery, equity, efficiency, simplicity and sustainability, together with the design parameters for levy concessions and transition arrangements. Council also notes that the Committee is seeking feedback on the five replacement models outlined in the NSW Treasury - Emergency Services Funding Reform - Options Paper - April 2026.

Council supports the reform objective of replacing the existing Emergency Services Levy, which is currently collected through insurance policies. The current approach places a disproportionate burden on households and businesses that maintain insurance and can discourage adequate insurance coverage. In principle, a broader property-based funding model is a fairer and more transparent way to fund Fire and Rescue NSW, the NSW Rural Fire Service and the NSW State Emergency Service.

Preferred Model: Option D - fixed charges with regional discounts

The MidCoast Local Government Area is a large regional area covering more than 10,000 square kilometres. It includes a diverse mix of coastal towns, rural communities, small villages and dispersed localities. As a result, there are material differences in access to emergency services when compared with metropolitan Council areas and with smaller regional Council areas centred around a single major population centre.

For that reason, Council's preferred model is Option D - fixed charges with regional discounts. This model best recognises that communities outside metropolitan areas may have different levels of service availability, response capacity and practical access to emergency services. A single statewide fixed charge that does not recognise these differences would be simple to administer but would not necessarily be equitable for regional communities such as the MidCoast.

Council's support for Option D is however subject to the development of a transparent and evidence-based regional classification methodology. The methodology should consider emergency service availability, remoteness, response capacity, population dispersal and local risk. It should not rely only on broad metropolitan or non-metropolitan categories. Council also recommends that the final model include a clear review process so that classifications can be tested and adjusted where they do not reflect local conditions.

Insurance affordability and monitoring

Council supports the NSW Government's objective of reducing insurance costs for households and businesses. However, that objective will only be achieved if the savings from removing the Emergency Services Levy from insurance policies are passed through to policy holders. The appointment of the Independent Pricing and Regulatory Tribunal (IPART) as an Insurance Monitor is therefore an important safeguard.

Council recommends that IPART be given clear reporting expectations and practical enforcement powers to monitor insurers and act where the pass-through of savings is inadequate. This will be important in maintaining community confidence in the reform and ensuring that property owners do not face a new levy without receiving the intended reduction in insurance premiums.

Concessions and transition arrangements

Council supports the inclusion of levy concessions in the replacement funding model. Pensioner concessions and a vacant land discount are supported. Council also recommends that hardship arrangements be included for vulnerable residential property owners, small businesses and other property owners facing genuine financial difficulty.

Concessions should be transparent, easy to understand and reviewed regularly. They should also be funded in a way that does not simply shift costs unfairly onto other ratepayers or property owners within the same sector. Transition arrangements should minimise bill shock, avoid any overlap or double payment during the move from insurance-based collection to a property-based levy, and be clearly communicated before commencement.

Local Government Contribution

Council is concerned that the Options Paper and the Committee's terms of reference do not adequately address the existing 11.7% Local Government contribution to emergency services funding. This contribution is ultimately borne by local communities through Council rates, yet it is not clearly visible to ratepayers as part of the total emergency services funding burden.

A comprehensive reform should provide transparency about the total contribution being made by property owners and local communities. Council therefore recommends that the Committee either include the existing Local Government contribution in its reform recommendations or recommend a separate statutory review to ensure the final funding model is transparent, equitable and does not perpetuate cost shifting to Local Government.

Implementation and no cost shifting to Local Government

Council's major implementation concern is that a property-based levy may be assumed to sit naturally alongside the Local Government rating system. Council strongly opposes any arrangement under which Local Government becomes the default billing, collection, debt recovery, customer service or enforcement agent for a State Emergency Services Levy.

The replacement funding model should remain a State Government responsibility. If the NSW Government proposes any role for Councils, that role must be negotiated with the Local Government sector before implementation and must include full reimbursement for one-off and recurrent costs. This includes system changes, staff time, billing, customer service, data management, hardship administration, appeals, debt recovery, enforcement, write-offs, audit requirements and reporting obligations.

Councils should also be protected from disputes arising from State-determined levy settings, classifications, concessions or collection rules. Reform of the Emergency Services Levy should not transfer administrative cost, financial risk or reputational risk from the State Government to Councils.

Council's recommendations

Council recommends that the Committee:

1. Support replacing the insurance-based Emergency Services Levy with a property-based levy, subject to effective monitoring to ensure insurance savings are passed through to policy holders.
2. Select Option D - fixed charges with regional discounts, provided the regional classification methodology is evidence-based, transparent and reflects actual emergency service availability, remoteness and response capacity.
3. Maintain pensioner, hardship and vacant land concessions, with concession costs funded transparently and reviewed regularly.
4. Include the existing 11.7% Local Government contribution to emergency services funding within the broader reform process or recommend a separate review of that contribution.
5. Confirm that the levy is a State Government responsibility and should not be billed, collected, enforced or administered by Local Government unless Councils are fully compensated and appropriately protected under a sector-wide agreement.

Conclusion

MidCoast Council supports replacing the current insurance-based Emergency Services Levy with a broader and more transparent property-based funding model. Council considers that Option D - fixed charges with regional discounts - provides the best balance of equity, simplicity and sustainability, provided the regional discount framework is evidence-based and reflects actual local conditions.

Council asks the Committee to ensure that any replacement model includes effective insurance price monitoring, fair concessions, clear transition arrangements, full transparency about the existing local government contribution and firm protections against any cost shifting to Councils.

Yours sincerely

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Paul De Szell
Director Corporate Services