Submission No 83

EMERGENCY SERVICES FUNDING REFORM

Organisation: QBE Insurance

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Legislative Assembly Select Committee on Emergency Services Funding Reform: Options Paper Consultation 2026

QBE overview

QBE Insurance Group is an international insurer and reinsurer, which began operations in Australia 140 years ago. We have a local presence in 26 countries and are headquartered in Sydney and listed on the Australian Securities Exchange. QBE Insurance Group is predominantly a commercial insurer with products covering a diverse portfolio of products.

In Australia, QBE[1] has been an integral part of the Australian business landscape helping our customers navigate uncertainty since our early beginnings in Queensland. We operate primarily through an intermediated business model combining our expertise in commercial and small business with a targeted presence in personal lines. Through a broad range of insurance products and solutions, complemented by education, awareness and risk management initiatives, we support customers across NSW to manage risk and pursue their ambitions with greater confidence.

QBE employs approximately 2,500 people in NSW and around 3,600 across Australia. We also participate in NSW statutory classes of insurance, including CTP and workers compensation.

QBE welcomes the opportunity to contribute to the inquiry by the Legislative Assembly Select Committee on Emergency Services Funding Reform, informed by NSW Treasury's *Emergency Services Funding Reform – Options Paper* (***Options Paper***). We have participated in, and broadly support, the insurance industry submission to this inquiry by the Insurance Council of Australia (***ICA***).

QBE position

QBE strongly supports the NSW Government's commitment to remove the Emergency Services Levy (***ESL***) from insurance premiums and transition to a broader, fairer funding base.

We recognise that affordability of insurance is a challenge for many households and businesses, particularly given cost-of-living pressures. Pressure on insurance prices reflects a range of factors, including the costs of extreme weather events continuing to rise, rising asset values of property, continued urban sprawl, and development in high-risk areas, together with increased costs for labour and materials driven by inflation and supply chain constraints. Taxes on insurance[2] also impact significantly on the affordability of insurance and the adequate take-up of insurance.

Addressing these challenges requires a collective and coordinated approach across government, industry and the community, focused on risk reduction, resilience and regulatory settings. Removing taxes on insurance is the most effective and immediate way to reduce insurance premiums.

Why reform is needed

The current ESL funding model is inefficient, inequitable and adds unnecessary cost to insurance premiums. Insurance-based taxes disproportionately impact those who insure their assets, particularly small businesses and households facing higher risks. Insurance taxes are regressive taxes as they typically impact most acutely those who can least afford it, including households and businesses that face higher risks, and those in regions most vulnerable to natural weather events. ESL – added to an insurance premium is compounded by NSW stamp duty and GST, further increasing costs to customers.

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[1] QBE Insurance (Australia) Ltd is part of QBE Insurance Group Ltd.
[2] In NSW these include the ESL, stamp duty and the GST.

De-identified customer examples: impact of ESL on small businesses

Small businesses are central to Australia's economic and social fabric. They employ millions of Australians, support local communities and drive innovation and productivity across the economy. For small businesses to operate with confidence, they need the ability to manage risk, invest for the future and recover when unexpected events occur. Insurance plays a critical role in enabling this by providing financial protection, supporting resilience and helping businesses remain viable in the face of uncertainty. As a commercial insurer with a long history of supporting Australian small businesses – we draw attention specifically to impacts on small businesses, in addition to the figures (average, median and percentiles) that NSW Treasury has outlined in its Options Paper.

The following examples illustrate the impact of ESL and other taxes on small businesses in NSW:

- A clothing manufacturer in the Sutherland Shire of NSW has an annual small-business package insurance premium of approximately **$71,350**. Of this, around **$23,266 is attributable to taxes**, including approximately **$11,561 in NSW ESL and $5,741 in NSW Stamp Duty.**
- A restaurant in Sydney's CBD has an annual premium of approximately **$124,916**, with around $**42,557 attributable to taxes**, including approximately **$21,825 in NSW ESL**, and **NSW Stamp Duty of $10,314**.
- A sporting equipment wholesaler on the Central Coast of NSW has an annual premium of approximately **$43,917**, with around **$13,418 attributable to taxes**, including approximately **$6,173 in NSW ESL**, and **NSW Stamp Duty of $3,604**.

The above figures are significant noting that, in the context of QBE, around 1-2% of premium collected on small business products represents our profit margin[3] while the ESL has been found to add around 34% to the cost of non-residential insurance.[4]

Options paper models

We appreciate that finding an appropriate and equitable funding model to replace the current ESL model is complex and will require consideration of the needs of, and impacts to, a broad range of stakeholders. We broadly support the ICA's submission which considers this and would support any appropriate refinement of models to meet the stated principles of cost recovery, equity, efficiency, simplicity, and sustainability. We welcome ongoing consultation and appropriate transitional arrangements.

Conclusion

QBE, along with industry, supports prompt implementation of ESL reform and will continue to work constructively with Government to ensure a smooth transition. We broadly support the ICA submission.

Further information

QBE appreciates the opportunity to participate in this consultation and would be happy to discuss and provide any further information to support our response. Please do not hesitate to contact [redacted]

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[3] QBE submission to the Federal Parliamentary Inquiry on Small Business Insurance 2026 available at: https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Corporations_and_Financial_Services/SmallBusinessInsurance/Submissions

[4] NSW Treasury Emergency services funding reform - Options Paper 2026 available at: https://www.nsw.gov.au/sites/default/files/noindex/2026-05/nsw_treasury-emergency-services-funding.pdf