

EMERGENCY SERVICES FUNDING REFORM

Organisation: Insurance Australia Group Services Pty Ltd (IAG)

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IAG Submission

NSW Legislative Assembly Select Committee on Emergency Services Funding Reform

July 2026





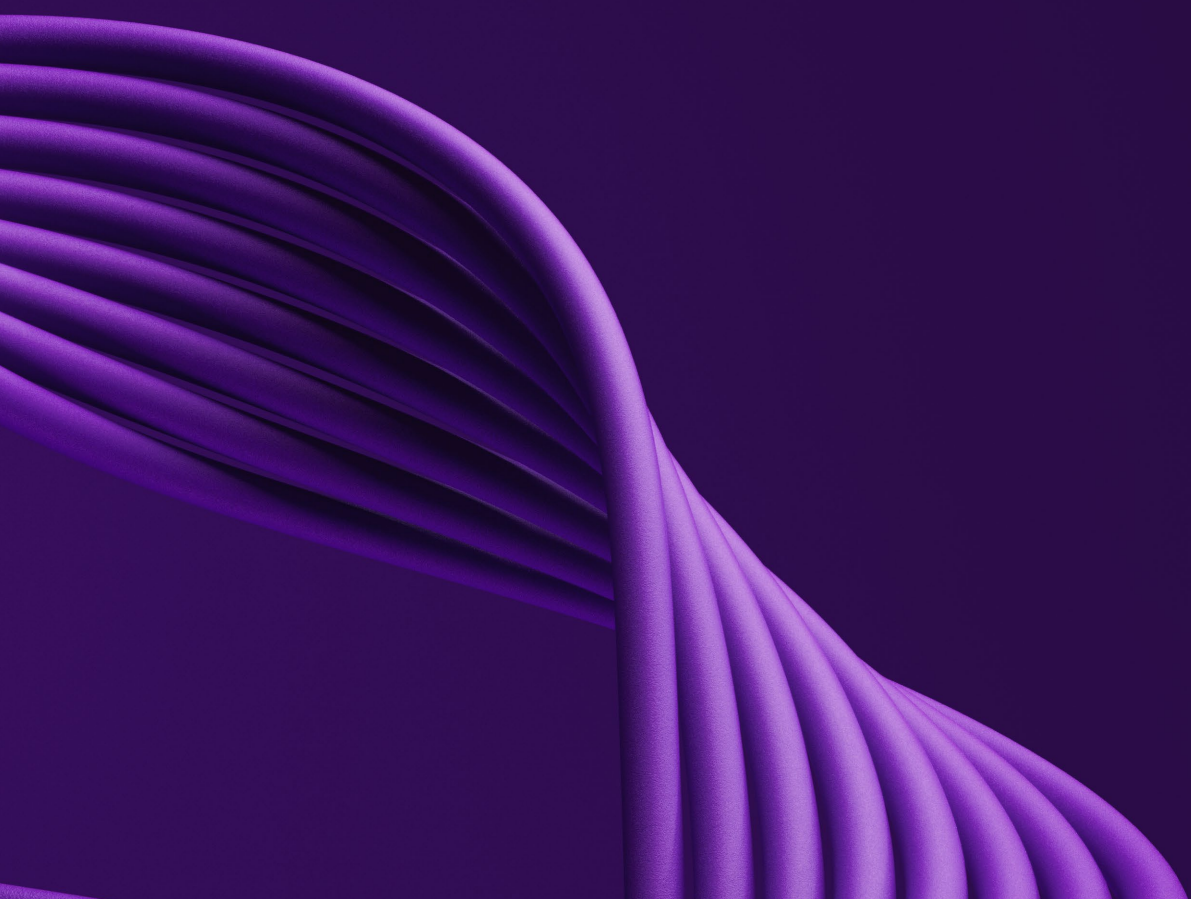
Acknowledgment of Country

IAG acknowledges Traditional Owners of Country throughout Australia and recognises the continuing connection to lands, waters and communities. We pay our respect to Aboriginal and Torres Strait Islander cultures and to Elders past and present.



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About IAG

Insurance Australia Group (IAG) supports around 10 million customers with our leading brands across Australia and New Zealand, including NRMA Insurance, CGU and WFI.

IAG has been helping customers manage risk for over 160 years, forming the heart of our purpose: to make your world a safer place.



Retail

Direct

Australia



New Zealand



Partner

Australia



New Zealand



Building connected customers (NRMA Road & Motoring) Services, MotorServe, AMI HomeHub, AMI Motor Hub etc)

Providing leading insurance products into partner ecosystems

Intermediated

Australia



New Zealand



Where ESL is charged

NSW emergency services are funded by the Emergency Services Levy (ESL) received from insurance companies (73.7%), local councils (11.7%) and the NSW Government (14.6%). This funds the costs of important services that keep our community safe: Fire and Rescue NSW, the NSW Rural Fire Service and the NSW State Emergency Service.

Like other insurers, IAG collects the ESL from our customers on behalf of the NSW Government. The amount to be paid by the insurance industry is the Contribution Target, which is determined and gazetted under the Emergency Services Levy Act 2017. This is added to the base premium of customer policies then passed on directly to Revenue NSW.

However, as discussed on page 11, insurers collect the levy before their final total annual liability is known.

IAG collects the ESL each financial year on policies such as:

- Car, Motorcycle and Scooter Insurance (not including CTP Green Slip)
- Buildings and Contents Insurance
- Landlord Insurance
- Single Item Insurance
- Caravan and Boat Insurance
- Commercial Building, Contents and Combined Business Insurance
- Strata Insurance
- Farm Insurance
- Fire/Industrial Special Risk

Executive Summary

IGAG welcomes the opportunity to make a submission to the NSW Legislative Assembly Select Committee Inquiry into Emergency Services Funding Reform.

As one of Australia's largest general insurers, IAG plays a critical role in helping households, businesses and communities recover when adversities strike, acting as a financial shock absorber when it matters most.

Insurance delivers a broader public benefit by transferring risk, supporting recovery and reducing the financial burden that would otherwise fall more heavily on governments and communities following loss events.

Removing taxes such as the ESL from insurance would improve insurance affordability and accessibility and help ensure NSW communities and businesses are better prepared, better protected and more resilient to unforeseen events.

While insurance premiums are influenced by underlying risk, they are also materially affected by taxation. After peril risk, taxes are among the largest components of premium costs.¹ Because these charges are applied as a proportion of premiums, they increase most sharply for those already facing higher risk, particularly households and businesses in areas exposed to extreme weather. In 2024–25, State and Territory governments collected \$8.9 billion in insurance taxes, exceeding the general insurance industry's total profits by \$1.6 billion over the same financial year.²

IGAG has long advocated for the removal or reduction of these taxes and levies from insurance so that as many people as possible can access the protection insurance provides.

IGAG's submission to the NSW Government in 2012 stated:

"The current ESL regime imposes a tax on people who protect their property, businesses and personal possessions by insuring them. It is their taxes that pay for the fire fighting and protection services that are provided to the entire community. Ensuring that property owners pay for these services would provide for a fairer and more rational system that would spread the burden equitably."

More than a decade later, as outlined in the timeline on pages 15 to 16, the ESL model continues to transfer unfair pressure on insurance affordability to NSW households and businesses that choose to insure. This can lead to decisions to reduce cover, accept higher excesses, or not insure at all, exposing more people to loss and weakening community resilience. It also increases the burden on those who continue to insure, as their share of the ESL contribution rises when others reduce or exit cover.

For more detail on the impact of insurance taxes, see pages 11 to 13.

NSW is now lagging most other States in placing the responsibility for funding emergency services on purchasers of insurance, with only NSW and Tasmania continuing to retain an insurance-based ESL. Other States that have removed their equivalent insurance-based levies have seen reductions in the levels of underinsurance and non-insurance.³

ESL reform can help support wider participation in insurance and lower government costs for disaster recovery, providing stronger recovery outcomes over time. ICA-commissioned modelling by Lateral Economics estimates that removing the ESL would increase demand for home insurance by around 2.7 per cent and contents insurance by around 15 per cent.⁴

IGAG recognises and appreciates the essential role of NSW emergency services, including the Rural Fire Service, State Emergency Service and Fire and Rescue NSW, in protecting the safety and property of households, businesses and communities.

As climate-related risks intensify, the need for well-funded, reliable emergency services is only becoming more important, reinforcing the case for a funding model that is broad-based, sustainable and does not place disproportionate pressure on those who choose to insure.

This risk environment is also changing. Modern risks such as cyberattacks are a growing threat. These pressures are occurring against a backdrop of broader economic headwinds, including labour constraints, construction and supply chain challenges, persistent inflationary impacts, and an increasing regulatory burden for businesses.

As risks increase, the NSW Government's Budget shows:

- Households and businesses will pay \$1.5 billion under the ESL in 2026–27, up from \$1.3 billion in 2024–25.⁵
- The levy is forecast to collect over half a billion dollars more from policyholders across the four years to 2029–30 than projected last year.⁶

To help the Committee reach a sustainable, non-partisan solution on the future funding model, IAG has also contributed to the work presented by the ICA in its submission to the Inquiry. IAG supports a transition to a model that better reflects the Government's stated principles of cost recovery, equity, efficiency, simplicity and sustainability⁷, and proposes a set of considerations (page 8) to guide the design of a new funding model.

IGAG recently commissioned YouGov to carry out polling of the NSW community. Among the findings from this May 2026 research, just 7 per cent of respondents said a tax on insurance is the best way to fund emergency services. More details are on pages 9 to 10.

IGAG remains committed to working constructively with the NSW Government and other stakeholders to support practical, durable reform that improves access to insurance, and strengthens protection and financial resilience, enabling communities and businesses across NSW to function and invest with confidence.

1. ICA, February 2026 - Insurance Council calls for reforms to support small business resilience - Insurance Council of Australia

2. ICA, 2026–27 Pre-Budget Submission, February 2026, p. 9

3. NSW Government Consultation Paper into ESL Reform (2024), p.10.

4. Modelling by Lateral Economics, commissioned by the Insurance Council of Australia (ICA), NSW Emergency Services Levy Economic Modelling, June 2026.

5. NSW Government, NSW Budget 2026-27: Budget Paper No. 01 – Budget Statement, June 2026, p. 51.

6. ICA media release: <https://insurancecouncil.com.au/resource/nsw-budget-rising-insurance-taxes-build-case-for-esl-reform/>

7. NSW Treasury, Emergency services funding reform Options Paper, April 2026.

New funding models

IAG's position is that the ESL should be removed from insurance premiums. We don't seek to design or own a new funding model, and any replacement funding mechanism is ultimately a matter for the NSW Government.

The considerations below are offered as a framework through which the Committee could consider and recommend a new funding model.

While insurers do not have access to the data available to the NSW Government, IAG considers that the design and implementation of any replacement levy could be assessed against its effect on the groups most exposed to unintended consequences of reform, over an appropriate implementation timeframe.

IAG is a member of the Insurance Council of Australia (ICA) and has contributed to the work being carried out by the industry to suggest a preferred model as the next step in the transition away from the ESL. We refer to and support the ICA's submission and associated economic analysis.



1.

Pensioners and vulnerable households

IAG supports reform that improves insurance affordability and accessibility across NSW, consistent with principles of equity and fairness. Any replacement levy should avoid, where possible, material cost increases for pensioners and vulnerable households, and any support mechanisms should be simple, visible and easy to access. Assistance should be delivered in a way that maximises take-up and minimises administrative complexity.



2.

People in rural and high-risk, disaster-prone areas

The current ESL is inequitable because it places a greater burden on those already facing elevated risk and higher insurance costs, including households and businesses exposed to higher extreme weather risk. Reform should seek to improve, rather than worsen, these impacts. For customers in rural and high-risk regional and coastal areas, settings should improve affordability outcomes while maintaining appropriate incentives for risk reduction and resilience investment.



3.

Small businesses

Small businesses should experience a benefit from ESL reform, particularly given the significance of taxes and levies in commercial insurance premiums. Reform and transition settings should be predictable and proportionate, and recognise the more limited capacity of many small businesses to absorb abrupt or unanticipated cost increases.



4.

Primary producers

Reform should include specific considerations for primary producers, recognising the distinct nature of farm businesses and avoiding disproportionate cost impacts. Settings should account for the scale and structure of agricultural landholdings, with appropriate safeguards and targeted hardship support to sustain insurance participation.

Community views on the ESL

New polling reinforces a clear case for removing the ESL from insurance premiums.

Key insights include:

- When asked how emergency services should be funded, only **7 per cent** of NSW voters supported the current ESL model.
- **4 in 10 respondents** said they would be more likely to maintain or increase their cover if the ESL was removed.
- This rose to 52 per cent among those who said their current home building cover is insufficient and 49 per cent among those who said the same of their contents cover.

The polling indicates that current cost pressures are already influencing behaviour in ways that undermines resilience. 43 per cent of respondents reported that cost has influenced a decision to cancel or reduce cover, including 64 per cent of those underinsured for home building, 61 per cent of those underinsured for contents, and 55 per cent of mortgage holders.

This aligns with NSW Treasury reform analysis which finds that removing the ESL could reduce severe insurance affordability stress for around 125,000 NSW households while supporting increased take up of building and/or contents insurance.⁸

Support for removal was stronger among respondents who were already aware of the levy, with 47 per cent supporting removal compared to 35 per cent of those who were not aware. Support for removal was also stronger among home building policyholders at 49 per cent, and particularly among respondents who reported being underinsured for home building insurance, at 54 per cent.

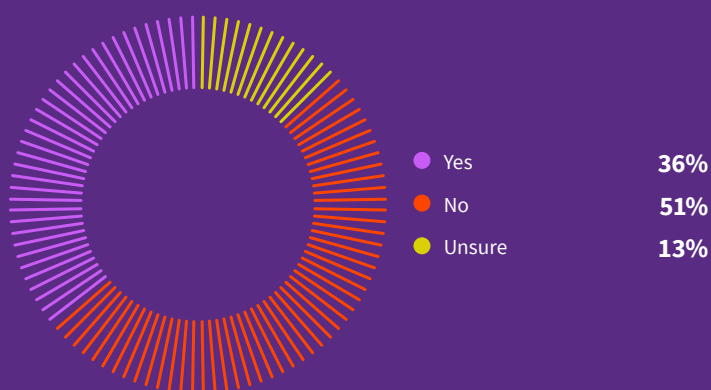
The polling also highlights a significant transparency gap. 64 per cent of NSW voters surveyed were unaware that the ESL is applied to insurance premiums, meaning almost two-thirds of policyholders are paying a government-imposed charge without clearly understanding that the levy is increasing the cost of their cover.

Consistent with this low level of awareness, when asked if they support or oppose removing the ESL from insurance premiums, just under half (47 per cent) do not have a view. However, among those with a view, support for removal of the ESL exceeded opposition by more than two to one (37 per cent compared to 17 per cent).

The results are drawn from a State-wide representative sample of 1,284 voters surveyed online by YouGov between 15 May and 28 May 2026. The sample is representative of the NSW voting population by age, gender, region, income, education, 2025 federal election vote and 2023 Voice referendum vote.

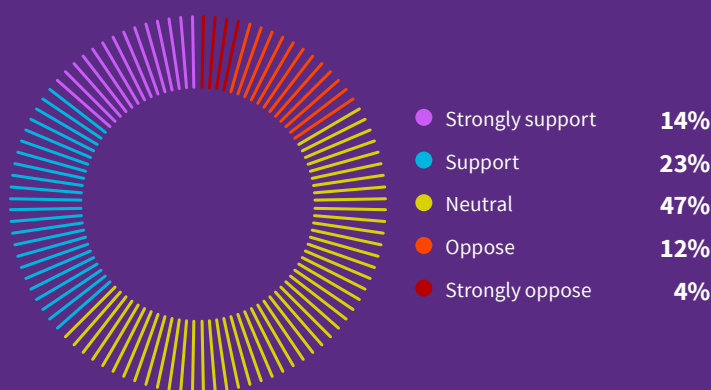
Question 1.

All NSW residents benefit from Emergency Services, but currently insurance policy holders fund Emergency Services. Before today, were you aware that the cost of your insurance premium includes an Emergency Services Levy?



Question 2.

Emergency services would continue to be fully funded, but the way they are funded may change. Do you support or oppose removing the Emergency Services Levy from insurance premiums?

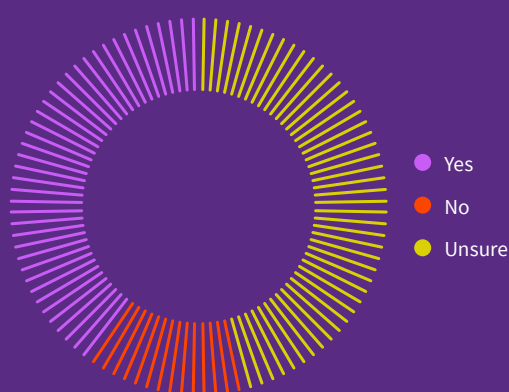


Carried out by YouGov and commissioned by IAG in May 2026, polling of NSW voters reveals the levy is contributing to affordability pressures and lacks broad community support as a sustainable funding mechanism for essential emergency services.

8. NSW Treasury ESL Options Paper, April 2026, pages 13-14: https://www.nsw.gov.au/sites/default/files/noindex/2026-05/nsw_treasury-emergency-services-funding.pdf

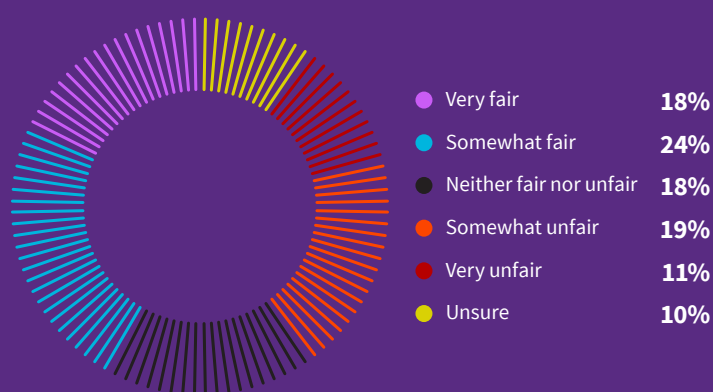
Question 3.

If the Emergency Services Levy charge were removed from insurance premiums, would you be more likely to maintain or increase your insurance coverage?



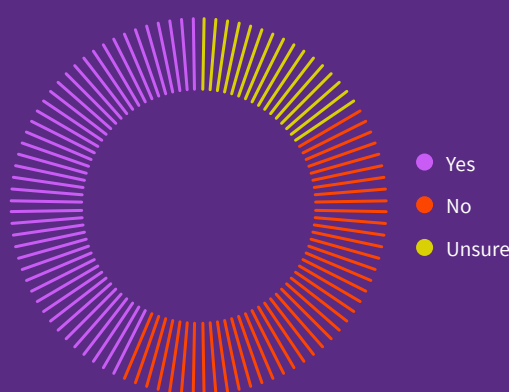
Question 5.

Do you believe it is fair or unfair that all property owners should contribute to the cost of funding emergency services, regardless of whether they are insured?



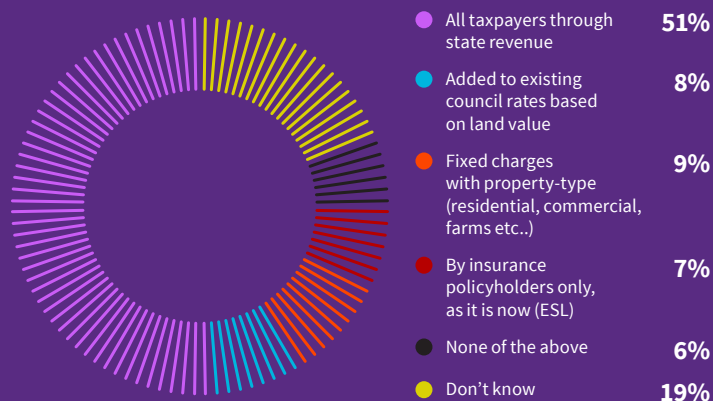
Question 4.

Has cost of home insurance ever influenced your decision to reduce or cancel your insurance coverage?



Question 6.

How do you think emergency services should be funded?



Impacts of insurance taxes

Removal of the ESL from insurance premiums could help provide cost of living relief, increase the take-up of insurance, and ease the burdens on government relief programs. Taxes materially increase the cost of insurance in NSW and can act as a disincentive for households and businesses to maintain adequate cover.

Under the current ESL model, insurers must estimate and collect levy amounts before their final annual liability is known. IAG's contribution is based on market share, which is not confirmed until each December, around six months after collection ends.

As a result, insurers must model expected liability throughout the year and adjust collections and rates charged based on estimated market growth rather than confirmed obligations. This creates administrative complexity, retrospective adjustment risk, and misalignment with pricing and renewal cycles.

The model drives ongoing operational and financial burden, including estimation, provisioning, reconciliation, compliance costs, and the risk that collections do not align with final liabilities.

Example premium breakdown as received by IAG customers

Across IAG's brand portfolio, ESL rates and average premiums vary by brand, product and class. For example, for policies that combine multiple types of cover, the ESL applies only to the property-related components of the policy, which typically account for around 70 per cent of the total premium.

Depending on the natural peril risk characteristics of the property, the premium could also be lower or significantly higher.

Average rates across IAG are below:

- **Residential ESL** rates have remained stable at around **13 to 15 per cent between 2021-22 and 2025-26**
- **Commercial ESL** rates are significantly higher, ranging from **23 per cent to 28 per cent** over the same period
- **Motor ESL** rates are around **1 per cent to 1.5 per cent**

NRMA INSURANCE

Your new Home Insurance Certificate of Insurance

Your premium breakdown

This is how we have calculated your premium. The answers you provided may also directly impact your premium amount. On payment this document becomes a Tax Invoice and part of your insurance contract.

Please visit nrma.com.au/policy-booklets to access the Premium, Excess and Discounts Guide for further information.

Base premium	\$237.85
ESL (Emergency Services Levy)	\$32.55
GST	\$27.03
Stamp Duty	\$26.78
PREMIUM TOTAL	\$324.21

Tax Invoice

This document describes our proposed supply of insurance to you and will become a Tax Invoice for GST when payment is made. If our intermediary, agent or your broker issues you a Tax Invoice which includes an amount for this supply of insurance, your payment is against the intermediary, agent's or broker's invoice and this document does not become a Tax Invoice. If you are registered for GST purposes, your input tax credit entitlement is based on the GST amount shown above. Please note that in accordance with the GST law relating to insurance premiums the GST amount may be less than 1/11th of the total amount payable.

Note: This amount is used by us to pay the ESL which funds the NSW emergency services and SES.

wfi Insurance

Your new Business Insurance Schedule

Your premium breakdown

This is how we have calculated your premium. The answers you provided may also directly impact your premium amount. On payment this document becomes a Tax Invoice and part of your insurance contract.

Base premium	\$22,745.60
ESL (Emergency Services Levy)	\$5,204.98
GST	\$2767.75
Stamp Duty	\$2754.54
PREMIUM TOTAL	\$33,202.90

Note: This amount is used by us to pay the ESL which funds the NSW emergency services and SES.

Is the policy to be exempt from Stamp Duty? No
Should your stamp duty status need updating please contact us on 1300 934 934 or visit <https://www.wfi.com.au/stampduty/nsw>

Examples of Certificates of Insurance from IAG brands NRMA Insurance and WFI that illustrate where customers can see the premium breakdown, including the ESL.

Together, the ESL, GST and stamp duty charges compound. This is because the ESL is added to the base premium, GST is then applied, and stamp duty is calculated on top of both. An example of these escalating rates and the financial impact to a typical insurance policy illustrated below:*

	Home		Business		Motor	
	With ESL	Without ESL	With ESL	Without ESL	With ESL	Without ESL
Example Premium	\$2,000	\$2,000	\$5,000	\$5,000	\$1,500	\$1,500
ESL %	14%	-	28%	-	1%	-
ESL \$	\$280	-	\$1,400	-	\$15	-
Sub-total	\$2,280	\$2,000	\$6,400	\$5,000	\$1,515	\$1,500
GST	\$228	\$200	\$640	\$500	\$152	\$150
Sub-total	\$2,508	\$2,200	\$7,040	\$5,500	\$1,667	\$1,650
Stamp Duty	\$226	\$198	\$634	\$495	\$83	\$83
Total premium	\$2,734	\$2,398	\$7,674	\$5,995	\$1,750	\$1,733
Impact of ESL on Customer	+\$336 (+14% higher)		+\$1,679 (+28% higher)		+\$17 (+1% higher)	

While the ESL is clearly identified in insurance premium breakdowns on Certificates of Insurance across IAG's brands, customers often misinterpret these government-imposed charges as discretionary fees set by insurers, having an adverse effect on perceptions of insurance affordability.

This raises concerns about the sustainability of emergency services funding through the existing insurance-based model. As policyholders reduce or cancel their insurance cover, the funding base for emergency services becomes less stable and reliable over time.

NSW Treasury notes that, since 2017–18, the total funding requirement for emergency services has grown by an average of around 8 per cent per year.⁹ ICA analysis has found this to be a 66 per cent increase over 5 years.¹⁰

This indicates that, while rates may vary over time, the overall tax burden remains significant, particularly for commercial customers and small businesses. As already stated, the NSW 2026–27 Budget shows the levy is forecast to collect over half a billion dollars more from policyholders across the four years to 2029–30 than the Government projected just last year, meaning policyholders are set to pay more the longer reform takes.¹¹

When insurance becomes less affordable, some households and businesses reduce cover or leave the market altogether. This contributes to non-insurance and exacerbates already existing broad under-insurance due to building cost inflation, weakening financial resilience across NSW. Treasury analysis has found the proportion of homeowners without building insurance in NSW is among the highest in Australia.¹²

The experience of other jurisdictions provides a practical basis for assessing reform, including the likely effect on insurance participation and affordability.

- **Stronger participation:** States such as Victoria that have removed insurance-based levies have seen stronger outcomes for insurance participation, with the proportion of uninsured buildings declining relative to states that retained insurance-based funding models.¹³
- **Increased demand:** Consistent with this, Lateral Economics modelling commissioned by the ICA estimates that removing the ESL would increase demand for home insurance by around 2.7 per cent and contents insurance by around 15 per cent, equivalent to around 82,000 additional households protecting their property by taking up building insurance and around 320,000 additional households taking up contents insurance.¹⁴
- **Boosted revenues:** There will also be a flow-on effect. A 2015 Deloitte Access Economics study, commissioned by the ICA, estimated that abolishing insurance taxes and replacing revenue through municipal rates would increase private consumption by \$5.5 billion annually and boost government revenues by \$575 million through improved economic activity.¹⁵

Increased insurance cover in communities will also help shift a greater share of recovery costs away from governments and communities and onto insured risk pools in times of natural disaster, while also supporting wider economic activity and community resilience.

For example, the most recent NSW Budget indicates that, in the six years since the 2019–20 bushfires, the NSW and Australian Governments have spent \$9.5 billion on disaster relief and recovery across the state. This equates to an average of \$1.6 billion per year, more than ten times the \$154 million per year spent over the previous six years. Governments also bear significant additional costs following disasters through emergency response, clean-up, infrastructure repair, business support and long-term recovery and resilience programs. These expenditures, often shared across state and Commonwealth funding arrangements, materially increase the fiscal burden on governments when households and businesses are underinsured or uninsured.

*The figures are based on average base premium assumptions of Personal Home (\$2,000), Commercial Business (\$5,000) and Personal Motor (\$1,500) and are for illustrative purposes, assuming the entirety of the premium is subject to ESL. The ESL impact shown includes GST and stamp duty applied to the ESL component. Actual numbers will vary by individual customer circumstances and the duration of coverage.

9. NSW Treasury Options Paper, p12.

10. ICA media release NSW Budget: Rising insurance taxes build case for ESL reform - Insurance Council of Australia <https://insurancecouncil.com.au/resource/nsw-budget-rising-insurance-taxes-build-case-for-esl-reform/>

11. Ibid

12. NSW Treasury Options Paper, p.11. NSW Treasury calculations using 2015–16 data supplied by the Australian Bureau of Statistics, Household Expenditure Surveys, as discussed in the 2024 consultation paper, and according to analysis based on 2016–17 and 2017–18 data conducted by the Australian Competition and Consumer Commission (ACCC).

13. NSW Treasury, Reforming the emergency services funding system: Consultation paper, April 2024, p.10.

14. Lateral Economics for the ICA, NSW Emergency Services Levy Economic Modelling, June 2026.

15. Deloitte Access Economics (for the ICA). 2015. Impact of removing stamp duties on insurance.

Same business, different costs: How NSW business owners are bearing the ESL

Just minutes apart within a short drive across the Queensland-NSW border, two Sole Integrity stores sell the same shoes to similar customers, yet the NSW outlet faces higher insurance costs because of the ESL.

Since 2013, Spero Hrisostomou has grown Sole Integrity into a seven-store footwear business in NSW and Queensland, employing 27 staff and selling around 65,000 items every year, from boots and sandals to athletic and casual shoes.

In Tweed Heads and Coolangatta, the two stores are near identical, just 25 square metres different in size, with each generating between \$800,000 and \$1 million in annual turnover. Despite this, Mr Hrisostomou pays significantly higher premiums in NSW, driven by the ESL rather than any meaningful difference in risk profile.

Mr Hrisostomou says the additional NSW tax is unfair and, as costs continue to rise, has led him to weigh up taking on the risk of self-insuring his Tweed Heads store.

“It [the ESL] is just an extra expense in what is a continually more expensive cost of doing business, with wages, power, super, insurance, and rents all increasing.

We are insuring the exact same products, but NSW adds another tax which we believe is unfair. I think it is fairer in Queensland.”

The experience of Mr Hrisostomou highlights how sustained cost pressures begin to reshape how businesses approach risk. Over time, this can leave more NSW businesses exposed to underinsurance or uninsured losses and place greater pressure on government support following major events.

This case study is consistent with broader evidence that taxes and levies on insurance are discouraging adequate cover, particularly for small businesses already managing tight margins and rising operating costs.



Sole Integrity
Coolangatta, QLD



Sole Integrity
Tweed Heads, NSW

Funding transition

Successful implementation of ESL reform will depend on a smooth, well-sequenced transition that delivers premium relief to customers without creating avoidable disruption, double-charging risk or shortfall uncertainty for insurers.

Designing the transition

Transition settings should allow for a detailed consultation period with insurers, IPART and other relevant stakeholders. This should include at least six months from finalisation of the legislation and guidance for implementation, with timing driven by the final design, regulatory detail and operational complexity.

Consultation will be critical to ensure the transition design is workable and can be implemented effectively in practice. However, key aspects of an effective transition include:

- **Certainty balanced with speed:** Transition to a new funding arrangement should provide clear settings for insurers across elements including rates, funding and shortfall treatment, while not being so prolonged that customers see limited near-term benefit. ESL rates should be set and tapered over a defined time period during the transition to enable certainty for insurers, IPART and customers.
- **Avoid rate spikes and shortfalls:** Transition settings should avoid rate spikes through a staged taper or reduced funding requirement, with collection managed across the transition rather than annually.
- **Define regulatory requirements early:** Reporting, compliance and any new requirements, including pricing, disclosure, information requests and non-standard transactions, must be defined early, as these may require system, process and documentation changes.
- **Align with renewal cycles:** Insurers often prepare renewals up to three months in advance, so transition settings must align with pricing, disclosure and customer communication cycles and associated systems changes.
- **Avoid poor reform design risks:** Compressed timeframes, overlapping collection periods and sharp rate changes increase delivery risk and can lead to customer impacts, as seen in the 2017–18 reforms.

IAG is committed to continuing to engage constructively with IPART, NSW Treasury and other stakeholders to ensure the final transition design is practical, transparent and delivers the intended customer benefit of reform.



IAG Major Event
Command Centre
Hurstville, NSW

Modernising a legacy system

Timeline



Northern Assurance Company & Scottish Union Insurance Company Fire Marks

Phase One

Insurers run the fire brigades

1883

Premier Sir Alexander Stuart introduces the Fire Brigades Bill, which split funding for fire services between insurance companies, the City of Sydney, and the Colonial Treasurer.¹⁶ Until this time, insurance companies had their own private fire brigade units. Customers had a “fire mark” plaque on the exterior of their buildings which signified they had paid their premium, and so any fire would be extinguished by the crew owned by their insurer.

1989

The Fire Brigades Act (NSW) establishes the NSW Fire Brigades as a unified authority, creating state authority over all fire services to ensure statewide response. Despite the NSW Government’s coordination of fire services, insurance companies continue to contribute a large majority of the total funding.¹⁷

Phase Two

Governments identify ESL as a problem

1999

South Australia removes its insurance-based levy and replaces it with a property-based Emergency Services Levy, following Queensland which ended insurer contributions in 1984.

Phase Four

Reform comes close to implementation

2015-16

NSW Government announces replacement of ESL on insurance with a fire and emergency services levy (FESL), collected through council rates.²⁰

ACT abolishes the collection of tax on insurance premiums.

2017

Emergency Services Levy Insurance Monitor Public Inquiry held by Prof Allan Fels AO.

Reform deferred one month before implementation. NSW retains the insurance-based ESL.²¹

2018

NSW Government’s Legal Affairs Committee holds a public inquiry into the FESL (defined above), finding the “failed implementation of the FESL was a poor public policy decision, undertaken without adequate understanding of the complexities of the issue or the impacts” which was “an unnecessary waste of millions of dollars.”²²

Phase Five

Renewed reform push from NSW Government and industry

2023

NSW Premier announces ESL reform policy: “Reforming the Emergency Services Levy is not easy, but it is the right thing to do ... we have a significant opportunity to make the system fairer and more sustainable into the future.”²³

16. NSW Government, Fire Brigades Bill, October 1883 - <https://www.parliament.nsw.gov.au/historicbills/files/6157/Various%20Versions%201.pdf>

17. NSW Government, Fire Brigades Act 1989 No. 192 - <https://legislation.nsw.gov.au/view/whole/html/inforce/2009-11-09/act-1989-192#sec.54>

18. Public Accounts Committee Fire Services Funding Inquiry material, August 2003 - Fire Services Funding

19. Treasurer Mike Baird, quoted in Insurance News, July 2012 - NSW takes first step to reform emergency services funding - Insurance News - insuranceNEWS.com.au

20. WFI, The NSW Emergency Services Levy explained, 2015 - The NSW Emergency Services Levy explained | WFI

21. Legislative Council Portfolio Committee No.4 Legal Affairs, Fire and Emergency Services Levy, November 2018 - Report



Fire Station in Deniliquin,
NSW / Circa. 1880s
Credit: Mitchell Library,
State Library of New South Wales

Phase Three

The policy case for reform strengthens

2003

Western Australia abolishes its insurance-based emergency services levy and replaces it with a property-based Emergency Services Levy.

The *HIH Royal Commission* calls for the removal of fire service levies on insurers. The NSW Government discusses an alternative funding model.¹⁸

2008-09

The IPART and *Australia's Future Tax System Review* (Henry Review) are both critical of insurance taxes, citing increased premiums and underinsurance.

2011-12

NSW Government releases the *Funding our Emergency Services* discussion paper, revealing NSW experiences the highest national rate of non-insurance.¹⁹

2013

Victoria abolishes its insurance tax to fund emergency services, as recommended by the 2009 Bushfires Royal Commission, and introduces a new property levy.

2024

NSW *Reforming the Emergency Services Funding System* consultation paper is released; a newly formed Stakeholder Reference Group meets to advise the government.

Federal Government's major report on the Inquiry into insurers' responses to 2022 major floods claims recommends the NSW Government collaborate with industry to reform the ESL to enhance affordability and insurance uptake.²⁴

Federal Senate Select Committee on the Impact of Climate Risk on Insurance Premiums and Availability outlines insurance taxes as inefficient and regressive in nature.²⁵

NSW Government appoints IPART as the Insurance Monitor.

NSW Government passes the *Emergency Services Levy Amendment Act 2024* to permit the Treasurer to require insurers to provide information to assist with emergency services funding reform, and the *Emergency Services Levy Amendment (Land Classification) Act 2024* to provide for the preliminary classification of land to evaluate and design a new property-based ESL funding model.

2025-26

Tasmanian Government receives a recommendation to replace its Fire Services Levy, which is described as anachronistic and inequitable.²⁶

NSW government releases its *Emergency Services Funding Reform Options Paper* and the *Emergency Services Funding Reform Inquiry* opens.

22. NSW Parliament, Final Report of Portfolio Committee No. 4 – Legal Affairs, November 2018: <https://www.parliament.nsw.gov.au/lddocs/inquiries/2454/Final%20report%20-%20Fire%20and%20Emergency%20Services%20Levy%20-%20November%202018.pdf>

23. NSW Government reform material, 2023 - *A fairer, more sustainable approach to funding our emergency services* | NSW Government

24. Standing Committee on Economics Report on the inquiry into insurers' responses to 2022 major flood claims, October 2024 - *Flood failure to future fairness*

25. Select Committee on the Impact of Climate Risk on Insurance Premiums and Availability – Report, November 2024 - *Report – Parliament of Australia*

26. TasInsure Assessment, February 2026 - *TasInsure Assessment - Final Report from John Trowbridge*.PDF

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