

**Chris Minns**  
Premier of New South Wales

**Daniel Mookhey**  
NSW Treasurer



**Jihad Dib**  
Minister for Customer Service and Digital Government  
Minister for Emergency Services  
Minister for Youth Justice

## Media Release

# A fairer, more sustainable approach to funding our emergency services

**Thursday, 16 November 2023**

The Minns Labor Government is today announcing long overdue reform of the Emergency Services Levy (ESL) to ensure a fairer, more sustainable system for funding the State's emergency services.

The reform will create a state-wide contribution to funding emergency services rather the burden falling on only those who take out insurance.

This is recognition that natural disasters affect everyone in NSW, and there is a collective benefit in having fully funded, well prepared and resourced emergency services.

It will help households and small businesses which bear the increasing burden of funding emergency services through their insurance premiums.

The NSW Government will begin a consultation process with industry and stakeholders on the best options for NSW to move towards a better, more sustainable funding model.

### **Emergency Services in NSW**

NSW emergency services provide critical services to protect lives and property from disasters including fires, bushfires, storms, floods, transport accidents and other emergencies.

The Rural Fire Service, State Emergency Service and Fire and Rescue NSW played a critical role during the unprecedented sequence of disasters that affected the state in recent years, including the Black Summer bush fire season in 2019-20 and the 2022 East Coast Floods.

We know NSW is facing a high-risk bush fire season, and our combat agencies will be there first to provide assistance and protect lives and property.

As natural disasters increase in frequency and intensity, costs will only rise – and ultimately NSW taxpayers will pay more.

The Government is committed to ensuring our emergency services have sustainable, and consistent funding to face the next disaster or emergency, and to keep NSW safe.

### **The current model**

The way NSW funds its fire and emergency services agencies is complex, inefficient and unsustainable.

Under the existing model, insurance policy holders contribute 73.7 per cent of the ESL.

Local Councils contribute 11.7 per cent and the State Government contributes 14.6 per cent.

NSW is the only mainland state that uses a levy on insurers to fund emergency services.

It means Insurance companies build the ESL cost into their base premiums, driving up the cost of insurance.

The ESL levy is estimated to increase the cost of household insurance by 18 per cent on average.

This burden adds another cost-of-living pressure onto already stretched mortgage holders who are generally required to have insurance to get a bank loan.

For small businesses, the ESL has driven up commercial premiums by 30 per cent on average.

The current model has left NSW with the highest level of uninsured homes in the country.

17.6 per cent of NSW households do not have home and contents insurance, risking great loss during a natural disaster because of unaffordable premiums.

And as natural disasters increase, costs will only rise.

Without reform, this will perpetuate a cycle where fewer people will be able to afford insurance on their biggest asset – their home – and it leaves a smaller pool of people to pay the rising ESL, further increasing the cost.

### **Reforming the Emergency Services Levy**

The government is committed to making the Emergency Services Levy fairer, more sustainable and adapted to the future.

We're committed to engaging in a proper and genuine reform process.

The former government attempted ESL reform in 2017. Their model failed to address the system's inequity and was shelved within months.

The Minns Government begins the work to change that, today.

Importantly, this reform will be revenue neutral and will not be the same model proposed by the former government.

The Treasurer will lead consultations with industry and stakeholders on this important reform, including issuing a discussion paper in the coming months to facilitate this consultation process.

### **Premier of NSW Chris Minns said:**

“Reforming the Emergency Services levy is not easy, but it’s the right thing to do.

“For too long this has been in the too hard basket for NSW. But as we face the threat of more natural disasters, we have a significant opportunity to make the system fairer, more sustainable for the future.”

### **Treasurer Daniel Mookhey said:**

“Far too many homeowners run the risk of leaving their biggest asset uninsured because of soaring costs. Reforming the ESL is one lever we can pull to help ease that burden.

“The NSW Government will begin consultation across industry and the wider community. It’s not a reform that can be rushed –it’s too important to get it right.”

**Minister for Emergency Services, Jihad Dib said:**

“Our emergency services are critical to keeping our communities safe, protecting lives and property and defending the people of NSW against natural disasters.

“We need to make sure these services are strong and sustainable into the future as the State grows and adapts to these increasing challenges, ensuring we are better prepared for disasters and communities are more resilient.

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