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MEDIA RELEASE

Thursday, 10 December 2015

NSW MOVES TO A FAIRER SYSTEM FOR FUNDING FIRE AND EMERGENCY SERVICES

NSW will move into line with all other mainland states and introduce a fairer system of funding fire and emergency services that will also help reduce the high levels of underinsurance across the State, Treasurer Gladys Berejiklian announced today.

From 1 July 2017, the NSW Government will abolish the Emergency Services Levy (ESL) on insurance policies and replace it with an Emergency Services Property Levy (ESPL), paid alongside council rates.

The reform will mean the burden of funding these services will no longer fall only on those with property insurance but all landowners.

“Under the current funding model, NSW property owners who insure their properties are subsidising households who don’t purchase contents or building insurance,” Ms Berejiklian said.

“Fire does not discriminate and the community rightly expects that firefighting and SES services will be available to everyone in their time of need. It is also fair to expect all property owners to pay their share for these vital services.”

The Government anticipates that the vast majority of insured residential property owners will be better off under the ESPL, with the average insured property owner saving around \$40 per year.

Modelling suggests property insurance premiums will fall by around \$200 on average every year under the change while the average cost of the ESPL will be around \$160.

The ESPL will be budget neutral and will not raise any extra revenue for NSW.

“This fairer model for funding fire and emergency services will reduce the cost of insurance and encourage more people to insure their properties,” Ms Berejiklian said.

The introduction of the ESPL will not in any way reduce levels of funding to the State’s fire and emergency services.

“This long overdue reform has been recommended by recent reviews into State taxes, including the Henry Review, and shows the NSW Government is committed to tax reform,” Ms Berejiklian said.

The Government will also appoint Professor Allan Fels AO as Emergency Services Levy Insurance Monitor to ensure that insurers pass on the cost savings to consumers. Prof Fels will have powers to seek pecuniary penalties from Insurance Companies of up to \$10 million for unreasonable prices from today through to 31 December 2018. Professor David Cousins AM will also be appointed as Deputy Monitor.

Minister for Emergency Services David Elliott said the ESPL will support the State’s emergency services and ensure they have the resources they need to protect homes and save lives.

“The safety of our communities is what matters most and our frontline emergency service workers will show up at your house regardless of whether you are insured or not,” Mr Elliott said.

“This reform will ensure we all share the cost of that life-saving service.”

Following extensive public consultation in 2012, the NSW Government will now consult with key stakeholders, such as the insurance industry and local government, on the implementation of the reforms.

The new levy will be based on unimproved land values and will be collected by local government on behalf of the State. Different property-levy rates will be applied to different categories of land. The Government is considering appropriate land classifications such as residential, commercial, farmland and public benefit land.

Victoria abolished its insurance-based fire services levy and introduced a property levy in July 2013 – a reform prompted by recommendations of the Royal Commission into the 2009 bushfires with the goal of reducing the level of under-insurance.

Legislation to enact the reforms will be introduced in the first half of 2016. There will be discounts in place for pensioners and concession cardholders.

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