
0.0 EMERGENCY SERVICES LEVY

File Ref: S011-T00014

Attachments: Nil

EXECUTIVE SUMMARY

The NSW government issued its 2023-24 Emergency Services Levy Contribution Assessment Notice on 28 April 2023. Without the subsidy provided by the government over the past four years, councils are now required to fund massive rises in emergency services budgets, with the state's 128 councils estimated to contribute just under \$77 million in 2023-24.

RECOMMENDATION

THAT

1. That Council advocate to the NSW Premier, relevant ministers and the Member for Bega to reinstate the Emergency Services Levy subsidy for 2023-24 to support local councils in meeting their contribution to the Emergency Services Levy.
2. That in its representations, Council lends its support to Local Government NSW, who are lobbying the government to:
 - (a) restore the subsidy for 2023-24
 - (b) unshackle this payment from council rates
 - (c) develop a fairer, more transparent and financially sustainable method of funding the critically important emergency services that benefit us all.
3. That Council write to the Chair of the Independent Pricing and Regulatory Tribunal (IPART) advising that Council's forced emergency services contribution is manifestly disproportionate to the 2023-24 rate increase which has resulted in additional financial stress.
4. That Council advocate for the NSW Government to fund Local Emergency Management Officer roles across the state and seek the support of peak bodies including LGNSW and the Canberra Regional Joint Organisation in doing so.

BACKGROUND

The NSW government collects funds under the Emergency Services Levy Act 2017 and this levy supports the NSW Rural Fire Service, the NSW State Emergency Service, and Fire and Rescue NSW. The Emergency Services Levy (ESL) is a cost imposed on councils and the insurance industry to fund the emergency services budget in NSW. The majority is paid as part of insurance premiums, with a further 11.7 percent picked up by councils and 14.6 percent by the NSW Government itself. The total cost imposed on the local government sector increases from \$143 million in the current financial year to \$219 million in 2023-24. This represents a 53.1% increase, completely dwarfing the IPART baseline rate peg of 3.7% for 2023-24, and Council's rate increase of 4.3%.

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In 2019, the NSW Government made changes to workers' compensation to provide better protection for volunteer and career firefighters affected by work-related cancers. The reforms reflected arrangements in other states, ensuring those who provide vital community services receive adequate medical care and support. This resulted in an increase in the cost of providing emergency services, which was shared, as per the usual funding arrangements between insurance providers, the NSW Government and local councils.

In recognition of the large impost on council budgets, the NSW Government has provided a subsidy over the past four years to help councils meet the cost of their increased ESL contributions. This was also provided in recognition of councils taking a lead role in managing the impacts of natural disaster and the pandemic while continuing to deliver on their business-as-usual work programs.

The NSW Government has removed the subsidy for 2023-24 and the significant increase, presented so late in the budgeting cycle, will be financially challenging for local councils to manage in an environment where inflationary pressures mean it is more expensive to build things, to maintain them, and to run the services the community expects. To provide some local context, Yass Council will lose 96% of its approved rate rise to the levy.

Councils' peak body Local Government NSW is seeking urgent talks with the NSW Treasurer to develop a fairer funding system, saying the ESL is "an absolutely blatant cost shift by the State Government". LGNSW President Cr Darriea Turley AM said the removal of the subsidy comes at a time where council budgets are still struggling with flood and bushfire disaster recovery, and that this unexpected cost hit is "shredding budgets already under massive pressure from the combined impact of the pandemic, extreme weather events, high inflation and wage increases."

Council received its 2023-24 Contribution Assessment Notice from the NSW Government on 28 April 2023. The total amount payable is \$1,498,678. This represents a 12% increase in the amount levied last year, however the removal of the subsidy means the amount payable this year has increased by 55% (\$531,558).

There has been an 85% increase in the amount payable since 2016-17. The table below shows the increase in Eurobodalla Shire Council's Emergency Services Levy since the introduction of the levy under the Emergency Services Levy Act 2017.

| Year | Levy Amount | Subsidy | Payable Amount |
|-------|-------------|---------|----------------|
| 23-24 | 1,498,679 | - | 1,498,679 |
| 22-23 | 1,332,825 | 365,704 | 967,121 |
| 21-22 | 1,001,374 | 34,252 | 967,121 |
| 20-21 | 1,318,366 | 351,244 | 967,122 |
| 19-20 | 967,121 | 140,246 | 826,875 |
| 18-19 | 792,698 | - | 792,698 |
| 17-18 | 822,241 | - | 822,241 |
| 16-17 | 808,147 | - | 808,147 |

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Additionally, councils are required to appoint and fund their Local Emergency Management Officer (LEMO) role in accordance with the State Emergency Plan. The LEMO undertakes the critical role of disaster planning and response with other emergency services in the region.

This is not a fight against our brilliant emergency services workers. This is a fight against another unsustainable cost to councils in New South Wales already struggling to deliver infrastructure and services to their communities.