

ITEM B LORD MAYORAL MINUTE - INCREASE IN EMERGENCY SERVICE LEVY

The Emergency Service Levy is a cost imposed on councils and the insurance industry to fund the emergency services budget in NSW. Most of the levy is paid as part of insurance premiums, with a further 11.7% picked up by local councils and 14.6% by the State Government. Councils are being asked to fund massive rises in emergency services budgets in NSW.

The 2023/24 increase in the ESL reflects a 73% increase in the State Emergency Service budget and an 18% funding increase to Fire and Rescue NSW. The impact of these increases on councils' finances will be particularly severe in 2023/24 due to this increase in cost and the NSW Government decision to scrap the subsidy for council ESL payments.

For Wollongong City Council, the ESL has increased by \$1.1M for 2023/24 and the ESL subsidy has reduced by \$1.0M, bringing Council's total contribution to \$6.1 million for next financial year. This increased cost amounts 31% of the expected increase in rate income for 2023/24.

The timing of this is particularly challenging for councils as it comes so late in the local government budgeting cycle, well after IPART's rate determination for the coming financial year.

People in NSW are essentially paying the ESL twice – through their insurance premiums and via their rates. The ESL is significantly impacting the financial position of councils in NSW and is resulting in reduced expenditure on services and infrastructure for the community.

The State Government should develop a fairer, more transparent and financially sustainable method of funding emergency services in NSW.

RECOMMENDATION

I therefore recommend that Wollongong City Council –

- 1 Write to the Treasurer, the Minister for Emergency Services, the Minister for Local Government and local State Member(s) to –
 - a Express opposition to the NSW Government decision to impose a significant Emergency Services Levy (ESL) cost increase on councils for 2023/24 by scrapping the ESL subsidy and disproportionately increasing the annual ESL, particularly after Council has exhibited the draft Operational Plan and annual budget.
 - b Note that the removal of the ESL subsidy, the 73% increase in the State Emergency Service budget and the 18% increase in the Fire and Rescue NSW budget, has meant that Wollongong City Council's < 3.7% rate increase which is intended to provide essential community services and infrastructure has been significantly eroded.
 - c Call on the NSW Government to take immediate action to –
 - i restore the ESL subsidy; or
 - ii defer payment of 2023/24 ESL until the following financial year to allow councils to adequately budget for this cost and request that IPART consider the ESL when setting the 2024/25 rate cap.
 - iii Develop a fairer, more transparent and financially sustainable method of funding critically important emergency services in consultation with local government.
- 2 Council writes 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 cap, which has resulted in additional financial stress.

ATTACHMENTS

There are no attachments for this report.