



MAYORAL MINUTE

9 MAY 2023

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ITEM NO. 1

**FILE NO: 23/112260
EDRMS NO: PSC2021-04199**

INCREASE IN EMERGENCY SERVICES LEVY COSTS

THAT COUNCIL:

- 1) Writes to the Hon. Daniel Mookhey MLC, Treasurer, the Hon. Jihad Dib MP, Minister for Emergency Services, the Hon. Ron Hoenig MP, Minister for Local Government, the Hon. Kate Washington MP, Member for Port Stephens, and the Hon. Tim Crakanthorp MP, Member for Newcastle:
 - a) Expressing Council's strong opposition to the NSW Government's proposed scrapping of the Emergency Services Levy (ESL) subsidy for 2023-2024 at a time after Council has publicly advertised its Operational Plan and annual budget to the community;
 - b) Noting that as a consequence of the unannounced 73% increase in the State Emergency Service budget and an 18% increase in the Fire and Rescue NSW budget, Council's already declared 4.4% rate cap and proposed 9.5% Special Rate Variation has been significantly eroded through the removal of the ongoing subsidy;
 - c) Calling on the NSW Government to take immediate action to:
 - i. restore the ESL subsidy in 2023-2024;
 - ii. urgently introduce legislation to decouple the ESL from the rate peg to enable councils to recover the full cost;
 - iii. develop a fairer, more transparent and financially sustainable method of funding critically important emergency services in consultation with local government.
 - 2) 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 2023-2024 rate cap, which has resulted in additional financial stress.
 - 3) Writes to the President of LGNSW seeking the Association's ongoing advocacy to bring about a relief in the burden of Councils' emergency services contribution.
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BACKGROUND

The purpose of this report is to request representations to the NSW Government in response to the proposed increase in the Emergency Services Levy (ESL) imposed on all councils without warning for the 2023-2024 financial year.

The ESL is a cost imposed on councils and insurance policy holders to fund the emergency services budget in NSW. The majority is paid as part of insurance premiums, with a further 11.7% funded by councils and 14.6% by the NSW Government. The ESL represents cost shifting at its worst, as it is imposed on councils without any mechanism for councils to recover costs.

The levy increase for the State's 128 councils in 2023-2024 amounts to almost \$77 million, with the total cost imposed on the local government sector increasing from \$143 million in the current financial year to \$219 million next year. This represents a 53.1% increase, completely dwarfing the IPART baseline rate peg of 3.7% for 2023-2024, and Council's already declared rate cap of 4.4%. Should Council be successful in our Special Rate Variation application of 9.5%, the increased ESL levy and removal of the subsidy will significantly erode this additional rates income needed for our financial sustainability.

Reporting suggests that the increase in costs this year reflects a 73% increase in the State Emergency Service budget and an 18.5% funding increase to Fire and Rescue NSW. The impact of these large increases on councils' finances will be particularly severe in 2023-2024 as a result of the NSW Government deciding to scrap the subsidy for council ESL payments.

For Council, the ESL has increased by \$440,099 for 2023-2024, bringing the total Council contribution to \$1,299,092. The timing of this development 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.

Council strongly supports a well-funded emergency services sector and the critical contribution of emergency services workers and volunteers (many of whom are councillors and council staff). However, it is essential that these services be supported through an equitable, transparent and sustainable funding model.

Local Government NSW has raised the serious concerns of the local government sector with the NSW Government and is seeking the support of councils across NSW in amplifying this advocacy.

This Mayoral Minute recommends that Council call on the NSW Government to take immediate action to:

- a) restore the ESL subsidy
- b) decouple the ESL from the rate peg to enable councils to recover the full cost
- c) develop a fairer, more transparent and financially sustainable method of funding critically important emergency services.

The Mayoral Minute also recommends that Council writes to IPART advising of the financial sustainability impacts of the ESL.

ATTACHMENTS

Nil.