

Barton Deakin Brief: New South Wales Fire and Emergency Services Levy Bill

7 March 2017

Today the Treasurer and Minister for Industrial Relations, the Hon Dominic Perrottet MP introduced the Fire and Emergency Services Levy Bill in the Legislative Assembly. The Bill aims to give effect to reforms announced in 2015 to abolish the Emergency Services Levy (ESL) – paid on insurance – and replace it with a land-based Fire and Emergency Services Levy (FESL).

This Barton Deakin Brief outlines the Fire and Emergency Services Levy Bill 2017.

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Fire and Emergency Services Levy (FESL)

The FESL will contribute funds to support NSW Fire and Rescue, NSW Rural Fire Service and NSW State Emergency Service. The NSW Government and local government also make a direct contribution to funding services. The total level of funding available for these vital agencies will not change under the FESL.

Under the legislation:

- FESL is calculated on unimproved land value determined by the Valuer General, with different rates for residential, public benefit, commercial, industrial and farm land.
- The levy comprises a different base amount for each land category, plus a variable amount based on land value.
- Councils would collect the FESL on behalf of the NSW Government.
- The old ESL paid on top of insurance premiums is abolished.



What is changing?

Levy collection

From 1 July 2017 the Emergency Services Levy (**ESL**) will no longer be collected by insurance companies as part of insurance premiums. Insurance policies taken out or renewed after this time will not include the ESL. This aims to lower the average residential property insurance premium.

Levy calculation

From 1 July 2017, property insurance premiums will no longer include an Emergency Services Levy. The FESL will be based on land classifications and land values. Property owners will be notified of their land classification for FESL purposes in April 2017.

The Insurance Monitor

The Government will set up the Insurance Monitor to ensure insurance premium savings are passed on to customers. The Government aims for insurers to reduce residential property insurance prices, on average by up to 20 per cent when the Emergency Services Levy is removed from insurance policies. The cost of commercial property insurance was estimated to fall by even more, up to 30 per cent.

The Government appointed Professors Allan Fels AO and David Cousins AM as Insurance Monitors with power to fine insurers up to \$10 million. This will apply to insurers who charge unreasonably high premiums or engage in false or misleading conduct with the removal of the Emergency Services Levy.

What does this mean for commercial property owners and/or industrial property owners?

If you own a retail, business or office property and/or industrial land and insure the buildings or contents you will already be paying the Emergency Services Levy (**ESL**) via your insurance premiums. From 1 July 2017, the Government will abolish the current insurance-based Emergency Services Levy and replace it with the Fire and Emergency Services Levy (**FESL**) paid by property owners alongside council rates.

The FESL will be calculated according to two factors depending on the classification of property as residential, farmland, industrial, commercial, vacant or public benefit:

1. A fixed charge; and
2. A variable charge based on unimproved land value as determined by the NSW Valuer General.

The exact rates are still being determined and will not be published until 30 April 2017 when property values for July 2016 and the budget for the emergency services agencies for 2017-18 are known.



Vacant commercial land

Vacant commercial land will be subject to lower levy rates. Owners or lessees will be required to make an application to their councils for a sub-classification of 'vacant'. Commercial is the default classification for leviable land. If land cannot be classified under one of the other property sectors, it is to be classified as commercial land.

Vacant industrial land

Vacant industrial land will be subject to lower levy rates. Owners or lessees will be required to make an application to their councils for a sub-classification of 'vacant'. Land meets the requirements for classification as Industrial Land for purposes of the FESL if the dominant use of the land is for a purpose referred to in the [Definition of Industrial Land](#).

Further Information

Ministerial media release, [here](#).

Information on the Emergency Services Levy Insurance Monitor, [here](#).

For more information, please contact [Anthony Bensch](#) on +61 438 439 431 or [Jessica Yu](#) on +61 2 9191 7888.

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