



News release

Insurance Council
of Australia

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NSW Budget: Rising insurance taxes build case for ESL reform

The Insurance Council of Australia says today's New South Wales Budget underlines why the Government's inquiry into Emergency Services Levy (ESL) reform matters, with policyholders set to pay more the longer reform takes.

The State's 2026-27 Budget shows the levy is forecast to collect over half a billion dollars more from policyholders across the four years to 2029-30 than the Government projected just last year.

NSW households and businesses are set to pay \$1.5 billion through the ESL in FY2026-27, a 66 per cent increase over 5 years, with insurance customers left to carry a growing bill that should be shared across the whole community.

NSW remains the only mainland state to fund its emergency services by taxing insurance customers.

The ESL adds around 18 per cent to the cost of a typical home insurance premium and around 34 per cent for commercial property, on top of stamp duty.

For every year the ESL remains in place, NSW households and businesses pay more in insurance taxes than people in any other mainland state.

Across the forward estimates, NSW will collect more than \$3 billion a year from insurance taxes. This is a bill that keeps rising for policyholders even as the Government's options paper shows a fairer system is within reach.

With consultation now under way, the Insurance Council looks forward to continuing to work with the NSW parliament and communities across NSW to deliver this long overdue reform.

Quotes attributable to ICA CEO Andrew Hall:

Today's Budget puts a number on the cost of leaving the job of reforming the ESL unfinished.

The cost of the ESL to insurance policy holders over the next four years will be half a billion dollars more than previously forecast in last year's budget.

Everyone in NSW benefits from the hard work of our emergency services, yet only those who buy insurance pay for them.

A tax this size pushes people to cut back their cover or drop it altogether, which leaves more families and businesses exposed when the next flood or fire hits.

A fairer system is within reach, and today's Budget is the clearest sign yet that the time for reform is now.