



News release

Insurance Council
of Australia

Tuesday, 7 July 2026

New analysis backs a fairer way to fund NSW's emergency services

New independent economic analysis released today reveals reforming the NSW Emergency Services Levy (ESL) would deliver more money in the pockets of over 2 million households and save \$500 million in economic costs across the state.

The current ESL penalises households and businesses for doing the right thing by adding up to 18 per cent on top of household insurance premiums and up to 34 per cent for businesses, with stamp duty and GST stacked on top.

As part of its [submission](#) to the NSW Select Committee on Emergency Services Funding Reform, the Insurance Council commissioned [analysis by Lateral Economics](#) to assess the impact of moving to a broad-based property levy.

A broad-based property charge would be fairer and more efficient, saving most households and businesses while delivering up to \$460 million in annual welfare gains, the analysis finds.

While most NSW households would save at least \$55 a year and most small businesses around \$70, the cohorts most exposed to the current system stand to gain the most:

- Households in disaster-prone regional areas where premiums sit well above the state average, would save around \$565 a year, rising to \$600 with a 20 per cent regional discount.
- Pensioner households with home, contents, and motor vehicle cover would save around \$125 a year, rising to \$185 with a 20 per cent discount.
- Strata households, which are disproportionately renters and lower-income earners, would save between \$91 and \$136 a year.
- Small and medium businesses see the largest savings, with representative examples from \$105 a year for a small bakery to \$8,850 for a restaurant and over \$21,000 for a small livestock farm.

The benefits extend well beyond household budgets. Lower premiums bring insurance within reach for more people, with the analysis finding reform would enable 82,000 additional households to take out building insurance and 320,000 additional households to take out contents insurance.

The Insurance Council is calling on all NSW parliamentarians, across both sides of politics, to work together to deliver this critical overdue reform.

Quotes attributable to ICA CEO Andrew Hall:

The case for reform is overwhelming, and a fairer, simpler, and more equitable funding model is now well within reach.

No fair tax system should punish households and businesses for protecting their assets, least of all those who can least afford to pay.

As natural disasters grow more frequent and more severe, the cost of holding on to the ESL is no longer just unfair, it is a handbrake on the state's resilience.

Small business carries an outsized share of the current ESL burden, and reform would deliver one of the most meaningful cost-of-doing-business reductions NSW could offer its main street economy.

Reform of this scale takes courage from both sides of politics, and the Insurance Council is committed to working constructively with every parliamentarian to land it.

Quotes attributable to Strata Community Association of NSW President, Robert Anderson:

More than a million people call strata home in NSW, and they include first-home buyers, retirees, and renters who stand to benefit most from this reform.

NSW strata owners have been paying up to three times more in ESL than their Victorian counterparts, simply for living on the wrong side of a state border.

Reform is long overdue, and for the more than one million people who call strata home in NSW, it cannot come soon enough.

Quotes attributable to Business NSW CEO Daniel Hunter:

Small and medium businesses are dealing with spiralling costs, with insurance the number one cost concern since 2019.

That's why NSW's SMEs need real reductions in their insurance premiums. Our state is experiencing the lowest business confidence since 2009.

Practical steps to reduce the cost of doing business – like cutting payroll tax and removing the ESL – need to happen in the next 12 months.

Insurance is essential to owning and running a business. Removing the ESL will help businesses protect their customers and local communities.

Quotes attributable to Principal External Relations & Advocacy at the Financial Rights Legal Centre Julia Davis:

Removing the Emergency Services Levy from home insurance is unfinished business that needs to be resolved to ensure fairer outcomes for consumers and improve insurance affordability, particularly for climate-exposed households. This reform is urgently needed.

We know that the most vulnerable households get pushed into the highest risk areas and the least resilient housing. They are already paying more to protect their homes than households in less exposed regions. They should not have to pay more for the same emergency services that are available to all households and businesses.

Home insurance is an essential service that mitigates against the risks homeowners face, and it is becoming more important in a world of increasing extreme weather events. Financial Rights has for many years supported the replacement of the ESL with a broad-based property levy that more fairly shares the costs and makes insurance more affordable for higher risk households.

ENDS

Case study for media use:

Same business, different costs: How NSW business owners are bearing the ESL

Just minutes apart within a short drive across the Queensland-NSW border, two *Sole Integrity* stores sell the same shoes to similar customers, yet the NSW outlet faces higher insurance costs because of the ESL.

Since 2013, IAG customer Spero Hrisostomou has grown *Sole Integrity* into a seven-store footwear business in NSW and Queensland, employing 27 staff and selling around 65,000 items every year, from boots and sandals to athletic and casual shoes.

In Tweed Heads and Coolangatta, the two stores are near identical, just 25 square metres different in size, with each generating between \$800,000 and \$1 million in annual turnover. Despite this, Mr Hrisostomou pays significantly higher premiums in NSW, driven by the ESL rather than any meaningful difference in risk profile.

Mr Hrisostomou says the additional NSW tax is unfair and, as costs continue to rise, has led him to weigh up taking on the risk of self-insuring his Tweed Heads store.

“It [the ESL] is just an extra expense in what is a continually more expensive cost of doing business, with wages, power, super, insurance, and rents all increasing.

We are insuring the exact same products, but NSW adds another tax which we believe is unfair. I think it is fairer in Queensland.”

The experience of Mr Hrisostomou highlights how sustained cost pressures begin to reshape how businesses approach risk. Over time, this can leave more NSW businesses exposed to uninsured or underinsured losses and place greater pressure on government support following major events.

This case study is consistent with broader evidence that taxes and levies on insurance care discouraging adequate cover, particularly for small businesses already managing tight margins and rising operating costs.