


# Reforming the Emergency Services Levy

Strata Community Association NSW Submission  
21 May 2024



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# INTRODUCTION

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## 1. Strata Community Association NSW Overview

Founded in 1980, Strata Community Association NSW (SCA NSW) was formerly known as the Institute of Strata Title Management. SCA NSW serves as the peak industry body for Strata and Community Title Management in New South Wales. The association proudly fulfils a dual role as both a professional institute and consumer advocate.

## 2. Membership

SCA NSW boasts a membership of over 3,000 members, including lot owners, suppliers, and professional strata managers who oversee, advise, and manage a combined property portfolio estimated to be worth over \$450 Billion.

## 3. Strata and Community Title Schemes in NSW

NSW is home to 89,049 Strata and Community Title Schemes. A significant 95 per cent of these schemes are comprised of residential lots. Altogether, the total number of Strata and Community Title lots in NSW stands at 1,043,690.<sup>1</sup>

## 4. NSW as a Leader in High-Density Living

According to the 2022 Australasian Strata Insights Report, there are 2,501,351 people residing in apartments across Australia. A majority of these apartment dwellers (51 per cent) are in NSW.<sup>2</sup> NSW also leads the way in the trend to higher density living in Australia and boasts the highest proportion of apartment households relative to all occupied private dwellings, standing at 22 per cent.

## 5. Employment Impact

Strata is a significant employer, directly providing jobs to 1,413 managers throughout NSW, as well as an additional 1,317 other related employees.<sup>3</sup>

## 6. Promoting Professionalism

1. SCA NSW is dedicated to fostering a high standard of professionalism in the strata industry with initiatives like the Professional Standards Scheme (PSS), which contributes to ensuring strong consumer outcomes for over 1 million strata residents in NSW.
2. SCA NSW membership encompasses a wide range of entities, from large corporate companies to small family businesses to dedicated volunteers. Members possess expertise in all aspects of strata management, service provision, and governance.

**For further information about this consultation, please contact Dylan Lin, Policy and Advocacy Officer, SCA NSW. [Dylan.lin@strata.community](mailto:Dylan.lin@strata.community)**

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<sup>1</sup> Hazel Easthope, Danielle Hynes, Yi Lu and Reg Wade, Australasian Strata Insights 2022, City Futures Research Centre, UNSW, Accessed at [https://cityfutures.adu.unsw.edu.au/documents/717/2022\\_Australasian\\_Strata\\_Insights\\_Report.pdf](https://cityfutures.adu.unsw.edu.au/documents/717/2022_Australasian_Strata_Insights_Report.pdf)

<sup>2</sup> Ibid, p.8-13

<sup>3</sup> Ibid, p.8.

## OVERVIEW – REFORMING THE EMERGENCY SERVICES LEVY

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The Strata Community Association NSW (SCA NSW) offers valuable insights in response to the consultation paper concerning the reform of emergency services funding in NSW. Currently, the Emergency Services Levy (ESL), primarily funded through insurance premiums, disproportionately affects strata owners, with residential property insurance premiums increasing by an average of **18%** over recent years.<sup>2</sup>

Given that home insurance premiums in NSW are the third-highest in Australia, **SCA NSW strongly recommends removing the ESL to alleviate financial strain for all strata owners.**<sup>3</sup> The association is committed to establishing a sustainable and fair system to provide optimal emergency services, particularly with the rise of strata living. Acknowledging the importance of effective strata laws in fulfilling the needs of the strata community, SCA NSW addresses key concerns outlined in the consultation paper, responding to the eight questions regarding revenue funding models, levy rates and consumer protection measures.

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<sup>2</sup> Insurance Council of Australia (2023). Insurance Council of Australia. [online] Insurance Council of Australia, pp.1–13. Available at: [https://insurancecouncil.com.au/wp-content/uploads/2023/02/20785\\_ICA\\_NSW-Election-Report\\_Final-DoublePageSpread.pdf](https://insurancecouncil.com.au/wp-content/uploads/2023/02/20785_ICA_NSW-Election-Report_Final-DoublePageSpread.pdf) [Accessed 20 May 2024].

<sup>3</sup> NSW Treasury (2024). Reforming the emergency services funding system. [online] NSW Treasury, pp.1–24. Available at: [https://www.treasury.nsw.gov.au/sites/default/files/2024-04/20240410\\_emergency-services-funding-reform-consultation-paper.pdf](https://www.treasury.nsw.gov.au/sites/default/files/2024-04/20240410_emergency-services-funding-reform-consultation-paper.pdf) [Accessed 20 May 2024].

## SCA NSW'S RESPONSE

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1. Do you agree with the design principles of cost recovery, equity, efficiency, simplicity and sustainability for the replacement levy?

**SCA NSW agrees with the design principles of cost recovery, equity, efficiency, simplicity and sustainability** for the replacement levy.

2. Which of the four revenue base models – capital improved values, unimproved land values, gross rental values and a fixed charges model – should be used to design the replacement levy?

**SCA NSW supports the unimproved land values model.** The model is simple to adopt and is compatible with council rate structures. It also emphasises the importance of gentrifying older apartment blocks and houses without deterring refurbishment and capital investment.

**Alternatively, the association also supports the fixed charges model.** Under this model, a tiered schedule of fixed charges would indicate that properties with lower land values pay smaller fixed charges while those with higher land values pay higher fixed charges.

3. Which of the current revenue sources for emergency services agencies should be replaced?

**SCA NSW recommends replacing the emergency services levy on insurers** among the existing revenue sources.

**4. Should different levy rates be applied to:**

- a. different property types, such as residential, commercial or farmland, or**
- b. properties in different locations?**

**SCA NSW suggests adopting different levy rates for different property types in line with option A.** For instance, in high-rise city locations, a height capacity levy should be implemented to offset higher occupancy on smaller land proportions. Similarly, capping will be essential for larger rural properties, mirroring rate allocation principles.

**Regarding option B, the association recommends that remote areas requiring concessions,** such as farming, should be levied accordingly.

**5. What protections are necessary for pensioners and other vulnerable cohorts?**

**SCA NSW supports providing discounts on levy payments** for pensioners and other vulnerable cohorts. These discounts should align with state and local government charging rates, such as car registrations. It is important to maintain and expand these concessions to include remote regions.

**6. How should a levy collected each year reflect changing funding needs for emergency services?**

**SCA NSW favours the Annual Levy Rate Adjustment approach,** allowing for annual adjustments to levy rates to correspond with the funding needs of emergency service agencies. Ideally, budgets should be projected for three years in alignment with land valuation reviews. Alternatively, a fixed percentage increase could be applied.

**7. Should revenue from a replacement levy be collected by local governments or by the State Government through Revenue NSW?**

**SCA NSW believes that revenue from a replacement levy should be collected through Revenue NSW.** This would streamline implementation and ongoing administration, eliminating the need to coordinate with multiple councils.

8. What arrangements should be put in place to ensure that the removal of the current Emergency Services Levy is passed on in lower insurance premiums? How long should the transition take? What other transitional arrangements should be considered for the reform?

**SCA NSW suggests that levies paid within a specified payment window should qualify for rebates** via Revenue NSW to alleviate any hesitancy in renewing insurance policies. In addition, once a transition date is set, insurers should pass on a portion of the levy to ensure funding is met without double payment occurring. A target date and transition plan would assist in ensuring everyone is informed and aligned toward a common goal. Any budget surplus from the contribution crossover should be carried forward to offset future periods.

For further information about this consultation, please contact Dylan Lin, Policy and Advocacy Officer, SCA NSW. [Dylan.lin@strata.community](mailto:Dylan.lin@strata.community)