

Tabled, by leave,

Mr Mookky

TAB 10

## EMERGENCY SERVICES LEVY AMENDMENT BILL 2024

### STATEMENT OF PUBLIC INTEREST

Clerk of the Parliaments

14 / 3 / 2024

#### **Need: Why is the policy needed based on factual evidence and stakeholder input?**

- The Government announced its commitment to pursue emergency services funding reform to establish a fairer and more sustainable system for funding the State's emergency services.
- Currently, 73.7 per cent of funding is provided by a levy on insurance companies, who hold specified information on policyholders that pay premiums attributed to the Emergency Services Levy (ESL).
- The agencies the ESL funds are Fire and Rescue NSW, the NSW Rural Fire Service and the NSW State Emergency Service.
- A critical step to develop the detailed modelling of options for the reform, including distributional impact analysis, is collecting the required information from insurers on policyholders that pay premiums attributed to the ESL.
- The current *Emergency Services Levy Act 2017* does not provide the Treasurer the power to require the provision of insurance data for the purposes of the emergency services funding reform as announced in 2023.

#### **Objectives: What is the policy's objective couched in terms of the public interest?**

- The policy aims to provide the Treasurer with the authority to require an insurer to provide specified information, including unit record data, to Treasury for the development of this emergency services funding reform.
- This data will be used to advise Government on how the replacement levy could be structured and the potential changes in levy burdens from the options developed for the reform.

#### **Options: What alternative policies and mechanisms were considered in advance of the bill?**

- The option of developing emergency services funding reform without unit record insurance data using aggregate data from industry and other sources was considered. However, this would not be able to produce the distributional impact analysis at the household or business level that is required to adequately inform the Government on the appropriate settings for the reform.
- The existing powers of the Treasurer in the *Emergency Services Levy Act 2017* do not provide the Treasurer the power to require the provision of insurance data for the purposes of the emergency services funding reform as announced in 2023.

#### **Analysis: What were the pros/cons and benefits/costs of each option considered?**

- Removing the current ESL and instead implement a replacement levy which could provide a fairer, more efficient, simpler and sustainable system of funding the State's emergency services.
- This reform was announced by the Premier on 16 November 2023.
- Providing the Treasurer with the proposed powers is critical to the Government's commitment to reform emergency services funding.

- Tested by leaves
- Proceeding with the reform without analysis of its potential distributional impacts would run the risk of unfair or inefficient outcomes, undermining the rationale for the proposed reform. The data are needed to inform that analysis.
  - Given the extent of the powers and nature of the data, the Treasurer's authority is proposed to be transitional and limited to the ESL reform for a reasonable period of time within the current term of government, that is, until 31 December 2026.

**Pathway: What are the timetable and steps for the policy's rollout and who will administer it?**

- The Treasurer will be given the power to require insurance companies to provide specified information to the Secretary of the Treasury. This power will commence on assent of the amending legislation and end on 31 December 2026.
- Treasury is consulting with the NSW Information and Privacy Commission to inform its work relating to data collection and development of data handling and storage procedures for the data the Treasurer requires.
- Treasury will securely dispose of any personal information collected by 30 June 2028.

**Consultation: Were the views of affected stakeholders sought and considered in making the policy?**

- This Bill contains data policies that are critical to modelling options for the emergency services funding reform that the Premier committed to in November 2023.
- The Treasurer has led industry consultation on the reform, and the stakeholder views, where relevant to this legislation, were considered in developing this policy.
- The Treasurer is preparing to commence a public consultation process that seeks to provide a range of stakeholder views from across those affected by or involved in implementing the reform.