

Wednesday June 1, 2016

NSW takes next step towards fairer emergency services funding

The switch to a fairer model of funding the emergency services remains on track in New South Wales after State Parliament last night passed legislation establishing an Emergency Services Levy Insurance Monitor.

With July 1 marking 12 months until the Emergency Services Levy (ESL) on insurance is replaced by a property-based levy, the Insurance Council of Australia (ICA) said its members were ready for the transition.

ICA Acting CEO Karl Sullivan said insurance customers and the state's economy would benefit once NSW ceased being the only mainland state or territory to fund its emergency services with a tax on insurance.

"The entire community benefits from firefighters and the State Emergency Service, and it's fair that all property owners should contribute financially to support them," Mr Sullivan said.

"The ESL adds on average 21 per cent to home and contents insurance premiums, which discourages households from taking out appropriate cover. It's also applied to some motor and commercial insurance policies.

"The NSW Government estimates that by switching to a property-based levy from July 1, 2017, most households will be an average of \$40 better off each year.

"Moving to a more efficient tax base will also reap the government an extra \$84 million over five years due to stronger economic activity, according to [Deloitte Access Economics](#)."

Mr Sullivan said that over the transition year, insurers would adjust the amount of ESL they added to policies so the tax was completely removed by the July 1, 2017, deadline.

"The ICA and its members are already working with Professor Allan Fels in his new role as ESL Insurance Monitor, and insurers are committed to ensuring policyholders receive the full savings that flow from abolishing the ESL," Mr Sullivan said.

"Prof. Fels oversaw Victoria's switch away from its Fire Services Levy (FSL) three years ago – a move that had bipartisan political support. Shortly afterwards, he expressed confidence that 'savings attributable to elimination of FSL have been passed onto consumers'."

Legislation formally abolishing the ESL and establishing the new Emergency Services Property Levy is expected to come before State Parliament in coming months.

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