

Friday July 1, 2016

One year to go until ESL tax relief reaches New South Wales policyholders

New South Wales households and businesses are 12 months away from benefitting from the State Government's abolition of the Emergency Services Levy (ESL) on insurance policies.

From July 1, 2017, the government will switch to a fairer system of using a property-based levy to fund NSW firefighters and the State Emergency Service.

NSW is the last mainland state that still funds its emergency services with a tax on household insurance. ESL is also applied to some commercial and motor insurance policies.

Insurance Council of Australia (ICA) CEO Rob Whelan said insurers were ready for the transition to the new system.

"The ICA has long argued that it is unfair and inequitable to financially penalise households and business owners for taking out insurance to protect their assets," Mr Whelan said.

"All of NSW benefits from the emergency services, and it is only appropriate that their funding needs are met by the entire community, not just those with insurance.

"By adding about 21 per cent to the cost of household insurance, the ESL also contributes to the levels of non-insurance and underinsurance in the community.

"The NSW Government estimates that by replacing the ESL on insurance with a commensurate property-based levy, most households will be an average of \$40 better off a year."

Mr Whelan said insurers would continue to meet their obligation to collect ESL over the next 12 months before it was completely removed by July 1, 2017.

"The ICA and its members are working closely with Professor Allan Fels, who has been appointed as the Emergency Services Levy Insurance Monitor, to ensure policyholders reap all the benefits of this long-overdue transition," Mr Whelan said.

"Insurers are committed to passing on to their customers the full savings that flow from abolishing the ESL, just as they did three years ago when Victoria removed its equivalent Fire Services Levy (FSL).

"Victoria's removal of its FSL had bi-partisan political support, and the ICA urges the Opposition to support the ESL transition legislation when it comes before State parliament later this year."

-ENDS-

Additional resources: [The Emergency Services Levy transition – key facts](#)

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