

Tuesday March 7, 2017

Tax relief in sight for NSW households

The Insurance Council of Australia (ICA) has welcomed the New South Wales Government's announcement it will introduce legislation to remove the unfair and inefficient Emergency Services Levy (ESL) from insurance premiums.

NSW is the last mainland state or territory to fund its emergency services with a tax on insurance. The ESL adds about 21 per cent to home building and contents premiums, and also applies to some motor insurance policies.

From July 1, a new Fire and Emergency Services Levy (FESL) will fund most of the requirements of NSW's fire services and the State Emergency Service.

ICA CEO Rob Whelan said: "The switch from an impost on insurance to a property levy will bring an end to an unfair and illogical system whereby only those who protect their assets with insurance fund these vital community services.

"By spreading the funding cost among all property owners, not just those with insurance, the government estimates most households will be an average of \$47 better off each year.

"The ICA and its members have undertaken to ensure households gain the full financial benefit of the shift to the new system. The industry will continue working with the Emergency Services Levy Insurance Monitor, Professor Allan Fels, as he oversees the transition.

"When Victoria made the same switch three years ago, Prof. Fels – who oversaw the transition in that state – was confident that savings attributable to the elimination of the Fire Services Levy had been passed onto consumers. NSW will be no different.

"Switching to the FESL will make insurance more affordable and should help to reduce the incidence of non-insurance and underinsurance in the community. Further, the move to a more efficient property levy is forecast to produce benefits for the NSW economy."

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