

22 May 2009

Proposed Review of Fire Services Levy in Victoria Welcomed

The Insurance Council of Australia today welcomed the announcement by Mr Peter Ryan MP that the Victorian Liberal National Coalition in government will review the current Fire Services Levy (FSL) system in Victoria and implement a fairer system.

The Insurance Council and its members support an efficient and sustainable funding model for fire services in Victoria.

However, the current fire services funding model in Victoria is not efficient and sustainable because not all Victorian's financially contribute to the fire services. The current FSL system places an unfair and inappropriate burden on insurance. General insurers contribute the overwhelming bulk of the funding to Victorian fire services through:

- The *Victorian Metropolitan Fire Brigades Act 1958*, where insurance companies insure against fire they contribute 75 per cent of the total annual expenditure of the Metropolitan Fire Brigade; and
- The *Victorian Country Fire Authority Act*, where insurance companies insure against fire they contribute 77.5 per cent of the total annual expenditure of the Country Fire Authority.

The combined effects of the Victorian fire funding system, state stamp duty and the GST add a significant cost burden to general insurance policyholders in Victoria, which can add up to 50 per cent to the cost of a residential general insurance premium in Victoria.

The Insurance Council strongly urges the proposed review to carefully examine the funding models for fire services operating in other States which are efficient and sustainable.

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