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## Emergency services funding reforms are essential to end unfair tax on NSW policyholders

The Insurance Council of Australia today voiced its support for the consultation process that is exploring ways to improve the funding of emergency services in New South Wales.

Insurance Council Chief Executive Rob Whelan said the current emergency services levy (ESL), which funds about 75 per cent of NSW's emergency services, was a tax on householders who had chosen to take out insurance. It was therefore unfair, inefficient and inequitable.

"At the moment, NSW householders who choose to protect themselves by purchasing home and contents insurance are effectively subsidising the provision of emergency services to an estimated 810,000 households that do not buy either building or contents insurance," he said.

"This is not fair. Funding our emergency services is a community-wide obligation.

"The current system does not benefit insurance companies in any way, and in fact the additional cost is a disincentive for households to purchase insurance."

Based on a notional emergency services levy rate of 21 per cent\*, a NSW householder pays \$210 a year of ESL on a typical \$1000 annual house and contents policy. This is further compounded by the addition of the state's stamp duty and federal GST.

Mr Whelan said: "The removal of the ESL on insurance premiums will lead to significantly cheaper home and contents policies in NSW.

"The Insurance Council supports the consultation process undertaken by the NSW Government.

"The ICA will respond to the *Funding our Emergency Services* discussion paper by the October 8 deadline, and urges all other interested parties to take part in this process and provide their points of view in the appropriate forums.

"Victoria is moving to a property-based funding model for its fire services on July 1, 2013, which will leave NSW as the only state with an emergency services levy on household insurance products."

**\*Editors Note:** *The amount recovered from policyholders by insurance companies for their statutory contributions to the emergency services is an individual commercial matter for each insurer.*