

Thursday March 30, 2017

## NSW households to benefit as ESL legislation passes State Parliament

The Insurance Council of Australia has welcomed last night's vote in the New South Wales parliament to axe the inequitable and inefficient Emergency Services Levy (ESL) by passing the *Fire and Emergency Services Levy Bill 2017*.

From July 1, the state's firefighters and the State Emergency Service will be funded through the property-based Fire and Emergency Services Levy (FESL), rather than the ESL which is added to home building, contents, and some motor insurance premiums.

Though insurers have been preparing for the transition since it was announced in December 2015, ICA CEO Rob Whelan said consumers and insurers now had greater certainty.

"The ICA welcomes confirmation that a fairer, more efficient system for funding the emergency services will start in just over three months," Mr Whelan said.

"No longer will the responsibility for funding these vital services be borne only by households that purchase insurance, but by the entire community. Everyone benefits from these services, and it is only fair that all homeowners contribute to their upkeep.

"Though the industry is delighted to no longer be acting a tax collector for the government, the switch has no significant financial impact on insurance companies because the ESL is ultimately paid for by policyholders, not insurers."

Mr Whelan said policyholders could expect to be better off overall once the new system came into effect.

"Though households will now pay the FESL through their council rates, the reduction in insurance premiums through the removal of the ESL will leave policyholders ahead by an average of almost \$50 a year, according to government estimates," he said.

"Insurers are committed to passing on all savings to their customers, and will continue to work with the Emergency Services Insurance Monitor, Professor Allan Fels, to ensure policyholders receive the full benefits. Prof. Fels oversaw the same transition in Victoria four years ago and concluded insurers passed on all savings to their customers. It will be no different in NSW."

-ENDS-