

Friday May 12, 2017

50 days until the start of fairer NSW emergency services funding

With 50 days remaining until the Emergency Services Levy (ESL) is removed from insurance premiums in New South Wales, insurers have reconfirmed their commitment to pass on to their customers all savings attributable to ESL removal.

From July 1, the New South Wales Government will instead fund metropolitan and rural fire brigades and the State Emergency Service with the property-based Fire and Emergency Services Levy (FESL).

The NSW Government estimates that replacing the ESL on insurance with the new FESL will leave insured households an average of \$47 better off a year overall.

Insurance Council of Australia CEO Rob Whelan said insurers were ready to ensure their customers reaped the full benefit of this long-overdue reform.

“In just over six weeks, insurers will stop passing onto policyholders an inefficient tax that for many years had added about 20 per cent to home building and contents premiums, and 30 per cent to commercial policies,” Mr Whelan said.

“No longer will the cost of properly funding the emergency services fall only on those who buy insurance. All households and businesses rely on these life-saving services, and it is only fair that the entire community contributes to their resourcing.

“The CEOs of more than 100 insurers recently signed a declaration pledging to fully remove the ESL from policies from July 1. When insurers give evidence to the ESL Insurance Monitor, Professor Allan Fels, at next Tuesday’s Public Inquiry in Sydney, they will willingly make the same promise.”

Mr Whelan said insurers had previously demonstrated they could effectively manage the removal of this type of levy in the best interests of their customers.

ESL quick facts

Over the past five years, NSW insurance customers have contributed \$3.68 billion to fund the fire services and SES

The ESL is not a fixed rate. Insurers pay the levy based on their estimated market share for that fiscal year

ESL is paid to fund the emergency services in the financial year it is collected. From July 1, the FESL collected will fund these services for the 2017-18 financial year

Customers will not be charged twice in the same financial year to fund the emergency services

More than 100 insurance companies and brands collect ESL from their household and commercial customers. This will cease from July 1

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“Prof. Fels oversaw Victoria’s switch from the Fire Services Levy on insurance to a property-based tax to fund its emergency services in 2013. In his final report to the Victorian Government, Prof. Fels stated he was confident ‘that savings attributable to the elimination of FSL have been passed onto consumers’,” Mr Whelan said.

“NSW policyholders will also receive all savings attributable to the removal of the ESL.”

-ENDS-

Additional resources

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