



News release

Insurance Council
of Australia

Thursday, 28 September 2023

Tasmania's decision to remove unfair insurance tax welcomed – NSW must be next

The Insurance Council of Australia (ICA) today welcomed the Tasmanian Government's decision to abolish the Fire Services Levy (FSL) charged on business insurance policies.

The Levy has historically been used to fund fire and emergency services, although such levies and taxes have been criticised by successive reviews as unfair and distorting consumer behaviour.

This change will deliver a more transparent, efficient, and equitable fire services funding model and is an initiative long called for by insurers and the broader business community.

Today's announcement will leave New South Wales as the only state using a tax levied on insurance customers to fund emergency services.

The New South Wales Emergency Services Levy (ESL) currently adds around 18 per cent to home insurance premiums and up to 40 per cent to business cover.

The New South Wales ESL is forecast to collect \$1.4 billion in revenue from insurance customers in 2023-24 at a time when worsening and more frequent extreme weather events are contributing to significant increases in premiums.

New South Wales insurance customers are paying nearly three times the amount of state taxes than Victorian insurance customers, contributing to an estimated 13 per cent of New South Wales households being uninsured – double the rate in Victoria.

Quote attributable to Insurance Council of Australia Acting CEO Kylie Macfarlane:

The Insurance Council of Australia welcomes today's news as a step forward for communities and businesses across Tasmania.

The responsibility for funding these vital services will now be shared by the entire community, not through an impost on businesses who purchase insurance.

This change will undoubtedly lead to improved insurance affordability and will encourage more businesses to insure their assets at a time when appropriate cover is needed more than ever.

It is now incumbent upon the New South Wales Government to follow the lead of the Tasmanian Government and reform the ESL to find a fairer way to fund emergency services in that State.