



News release

Insurance Council
of Australia

Wednesday, 14 February 2024

Fire Services Levy decision will leave Tasmania the last tax standing

The Insurance Council of Australia (ICA) today said the decision by the Tasmanian Government to “pause” its work to reform the Fire Services Levy (FSL) was profoundly disappointing and would leave the Island State as the only jurisdiction still to tax insurance customers to pay for fire and emergency services.

The FSL adds up to 28 per cent to the cost of a diverse range of commercial insurance policies, but with a bias towards those who prudently seek financial protection against the risk of damage to their assets by fire.

The FSL adds to the cost of doing business in Tasmania and has delivered windfall gains to the Government in recent years.

According to State Fire Commission data, revenue collected from insurance customers went from \$33.4 million in 2021-22 to \$41.8 million in 2022-23, a jump of 25 per cent in just one year.

The same data shows that the tax take from the FSL has almost doubled since 2018-19, when it collected just \$21.4 million.

Every other state has abolished or is in the process of abolishing their fire and emergency services levies on insurance.

The ICA encourages the next Tasmanian Government to continue to work with stakeholders to abolish the FSL on insurance as recommended by the Blake review and find a fairer way to fund fire and emergency services.

Quote attributable to ICA CEO Andrew Hall:

Despite years of reviews, consultations, and overwhelming evidence demonstrating the levy’s unfairness and inefficiency, Tasmanians remain stuck with this outdated model of revenue raising.

Every other state has abolished or has committed to abolish similar levies leaving Tasmania as the last tax standing, further disadvantaging its businesses and their customers.

Not only is the FSL unfair, but it also discourages proper insurance coverage.

Abolishing it would enhance affordability and encourage more businesses to adequately insure their assets, ultimately benefiting the entire community.

We strongly urge the next Tasmanian Government to continue to work to abolish this unfair tax on insurance customers in the State.