



News release

Insurance Council
of Australia

Tuesday, 18 June 2024

NSW Budget delivers big wins for resilience

The Insurance Council of Australia (ICA) has today welcomed the significant funding for resilience in the New South Wales Government's 2024-25 Budget as a positive step for communities that should support efforts to improve insurance affordability.

The \$5.7 billion four-year recovery and resilience package includes \$525 million towards the Resilient Homes Fund to be rolled out across the Northern Rivers and Central West regions, which will help reduce the risk of flood damage to homes and help protect lives in some of the most at-risk areas of the country.

\$87.4 million for the Resilient Lands Program will address flood recovery and future planning in the Northern Rivers region and unlock new land for development and relocating homeowners in high-risk flood zones.

The commitment to further investment in resilience and mitigation measures to protect communities against extreme weather comes as updated insurance data shows that catastrophic extreme weather events in NSW over the past two years has caused around \$4 billion in insured losses.

The ICA also welcomed the Government's recommitment to remove the Emergency Services Levy (ESL) – an unfair burden on insurance customers amidst a cost-of-living crisis.

New South Wales has the highest rate of insurance taxes in the country with insurance customers hit with both Stamp Duty and the ESL, which means they pay 20 to 40 per cent more for insurance than any other state or territory.

The Budget Papers show that without reform the Government would collect more than \$12 billion from insurance customers over the forward estimates – around \$5 billion through the ESL and \$7.1 billion through stamp duty.

The reforms to ESL currently underway will reduce this burden on insurance customers and bring insurance tax arrangements into line with every other mainland state or territory.

Quotes attributable to Insurance Council of Australia CEO Andrew Hall:

Today's budget announcements are important investments in the future of New South Wales communities and should improve insurance outcomes in the State.

By prioritising resilience initiatives, the Government is taking a proactive approach to safeguarding lives and property from the increasing threat of extreme weather events.

The Government's recommitment to removing the ESL is welcome and will ease the burden on New South Wales insurance customers.

For years the ESL has unfairly penalised insurance customers in the State, who because of flood risk already pay some of the highest insurance premiums in the country.