News release

Insurance Council of Australia

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Insurance tax reform wins unanimous support ahead of NSW election

Households and businesses across New South Wales are a step closer to real cost of living relief on their insurance premiums after a bipartisan parliamentary committee unanimously recommended replacing the State's outdated tax on insurance with a fairer way of funding emergency services.

The unanimous recommendation means reforming the Emergency Services Levy (ESL) now has support from across the New South Wales Parliament.

That is a milestone for the insurance industry, which has long campaigned for a fairer system on behalf of customers who, in the last financial year alone, paid more than $1.5 billion through the levy.

The ESL is effectively a tax on doing the right thing that adds up to 34 per cent to the cost of insurance before GST and stamp duty are charged on top.

The result is an unfair and inefficient system that penalises people for protecting their homes and businesses, while those without cover contribute nothing towards the emergency services the whole community relies on.

Now that reform has the support of the Parliament, the priority must be turning that support into action.

With premiums under sustained pressure from intensifying extreme weather and construction cost inflation, every year the levy remains in place adds to the cost of protecting a home or business and pushes more people towards underinsurance.

The insurance industry looks forward to all parties to commit to legislating this reform early in the next term of parliament and stands ready to work with the incoming government on a fair and orderly transition.

Quotes attributable to ICA CEO Andrew Hall:

> The current NSW Parliament has acknowledged that every household and business in the state have been taxed for doing the right thing by taking out insurance for far too long.
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> Whoever forms government after March, the people of New South Wales should be confident that both sides of politics now agree this tax is unfair and must go, and the next parliament needs to make delivering a fairer way to fund emergency services an early priority.
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> Beyond the bipartisan recommendations, One Nation has also committed to removing taxes from insurance, so there is growing support to get this done.
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> The households hit hardest are in regional areas and communities exposed to bushfire, flood and storm, along with small businesses, strata owners and renters, and families on tight budgets, and too many of them are being forced to cut back their cover or go without it altogether.
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> Removing this tax is unfinished business, and every year it stays in place is another year people are paying more than they should to protect their homes and livelihoods.
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> We congratulate the members of the bipartisan committee for their support and unanimous decision.

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