



News release

Insurance Council
of Australia

Thursday, 16 November 2023

Insurance Council welcomes NSW Government's commitment to reforming unfair Emergency Services Levy

The Insurance Council of Australia (ICA) has congratulated the New South Wales Government for its decision to reform the Emergency Services Levy (ESL), announced by Premier Chris Minns today.

The ESL currently adds up to 18 per cent to home insurance premiums and around 30 per cent to commercial premiums to fund emergency services.

The tax penalises those who pay insurance amid a cost-of-living crunch and at a time when worsening extreme weather means cover is needed more than ever.

Abolition of the ESL on insurance will see the cost of home cover up to 15 per cent lower on average, while for business cover the figure will be around 23 per cent lower.

New South Wales insurance customers pay around three times the amount of state taxes than Victorian insurance customers.

All other mainland states have removed similar levies, and Tasmania has announced a process to reform its levy which is applied to commercial insurance only.

The ICA has campaigned for more than a decade for the removal of the tax, and in the lead-up to the March State election ran a communications campaign to "Find a Fairer Way" to fund emergency services.

Research conducted at that time showed that almost two-thirds of New South Wales voters (65 per cent) support removing the ESL and replacing it with an alternative funding model for emergency services.

The ICA was disappointed that the previous Government's attempts to reform the tax in 2017 failed, which has meant that since then insurance customers have paid \$5.6 billion in ESL on top of their premiums.

State Budget Papers estimate that insurance customers will pay \$1.3 billion through the ESL this year and, without reform, would pay more than \$5.1 billion over the forward estimates.

Quote attributable to ICA CEO Andrew Hall:

Today's announcement to reform the ESL and find a fairer and more equitable way to fund emergency services is great news for anyone who takes out insurance in Australia's largest state.

It clearly demonstrates the Minns Government understands the impact of this tax on the State's capacity to recover from extreme weather events, like last year's record-breaking floods.

Reforming the ESL will be a major win for insurance affordability in New South Wales, an issue that is being discussed around kitchen tables and in small businesses around the State.

The ESL is a poorly designed and inefficient tax that numerous previous inquiries have said should be abolished and we congratulate Premier Minns, Treasurer Mookhey, and Emergency Services Minister Dib for their announcement today.