

Actuaries welcome NSW emergency services levy reform

16 November 2023

The Actuaries Institute welcomes the announcement today by the NSW Premier, Treasurer and Minister for Emergency Services that the NSW Government intends to abolish the Emergency Services Levy (ESL) and replace it with a fairer source of revenue collection, to be developed through consultation.

ESL is an inefficient and inequitable tax and adds upwards pressure to the affordability of insurance. Reform of ESL has long been called for by the Actuaries Institute, as one of the most immediate steps that can be taken to address home insurance affordability and availability in NSW.

Actuaries Institute CEO Elayne Grace said, “Home insurance affordability and availability is an issue of national concern. Underinsured and uninsured households have significantly less capacity to cope with adverse weather events and natural disasters, which reduces the resilience of communities. Abolishing ESL and replacing it with a fairer tax should help improve resilience.”

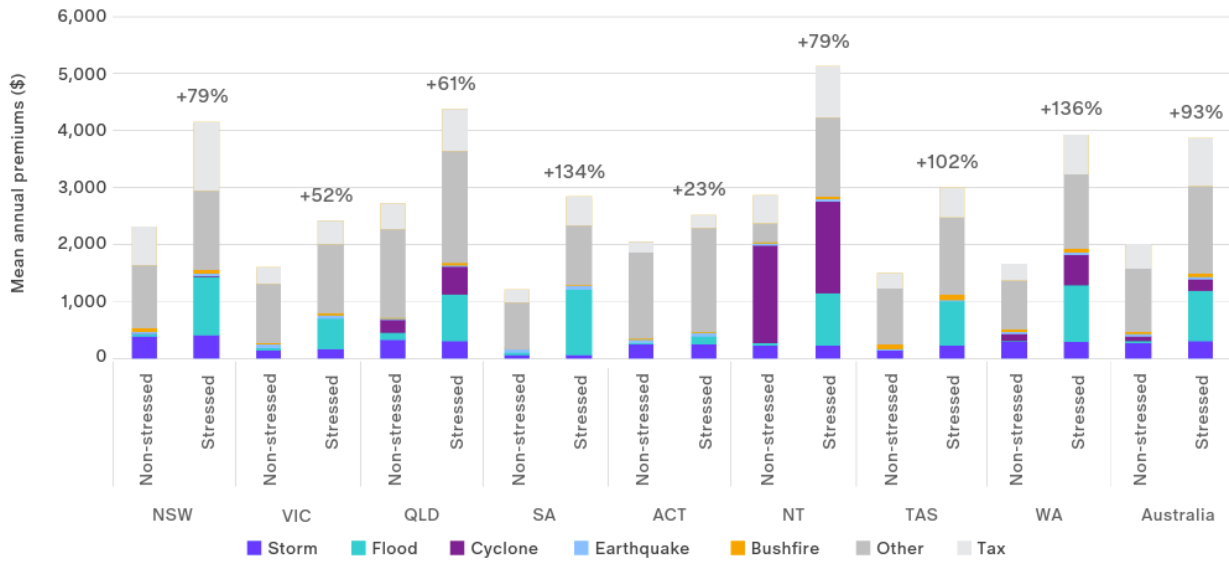
NSW is the only State that continues to impose an ESL on insurance premiums. It adds 10-25% to the cost of a household’s insurance premium and falls disproportionately on households who face the highest natural hazards risks and therefore higher premiums.

	Estimated mean by state							
	NSW	VIC	QLD	SA	ACT	NT	TAS	WA
GST	10%	10%	10%	10%	10%	10%	10%	10%
Stamp duty	9%	10%	9%	11%	0%	10%	10%	10%
Fire and ESL	10-25%	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total tax (including GST)	32- 50%	21%	20%	22%	10%	21%	21%	21%

Source: Actuaries Institute Report [Funding for Flood Costs: Affordability, Availability and Public Policy Options](#)

In NSW, taxation (including GST, stamp duty and ESL) is the one of the largest contributors to premium affordability pressure amongst households who are experiencing affordability pressure (defined as paying more than 4 weeks of gross household income towards their home insurance premium).

Total home insurance premiums by state, split by affordability stress



Source: Actuaries Institute Report [Home Insurance Affordability Update](#)

The Institute's [work earlier this year](#) found nearly 1 in 8 households across Australia are under affordability stress. The estimated home insurance premium for those households is \$3.6 billion, representing a potentially large 'protection gap' for those affordability-stressed households, which either do not purchase adequate home insurance and are therefore underinsured, or not insured.

The Institute looks forward to the consultation process and finding a more equitable solution to funding NSW emergency services.

In the longer-term, the Institute continues to advocate for more comprehensive reforms to address home insurance affordability by removing, reducing and fair-sharing of risk. A full discussion is available in [Funding for Flood Costs: Affordability, Availability and Public Policy Options](#).

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About the Actuaries Institute and the Profession

As the peak professional body in Australia, the Actuaries Institute represents the profession to government, business and the community, and holds the 'public interest' or 'common good' as a key principle in developing policy.

Actuaries use data for good by harnessing the evidence to navigate into the future and make a positive impact. They think deeply about the issue at hand, whether it's advising on commercial strategy, influencing policy, or designing new products. Actuaries are adept at balancing interests of stakeholders, clients, and communities. They're called upon to give insight on complex problems, they'll look at the full picture. Actuaries analyse the data and model scenarios to form robust and outcome-centred advice.