

## **INQUIRY INTO FIRE AND EMERGENCY SERVICES LEVY**

**Organisation:** The Property Owners Association of NSW

**Date received:** 27 November 2017

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24<sup>th</sup> November 2017.

To Hon Robert Borsak MLC

Committee Chair

NSW Legislative Council's Portfolio Committee 4 – Legal Affairs

Parliament House, Macquarie Street, Sydney, NSW 2000.

E: [portfoliocommittee4@parliament.nsw.gov.au](mailto:portfoliocommittee4@parliament.nsw.gov.au)

**Submission on:**

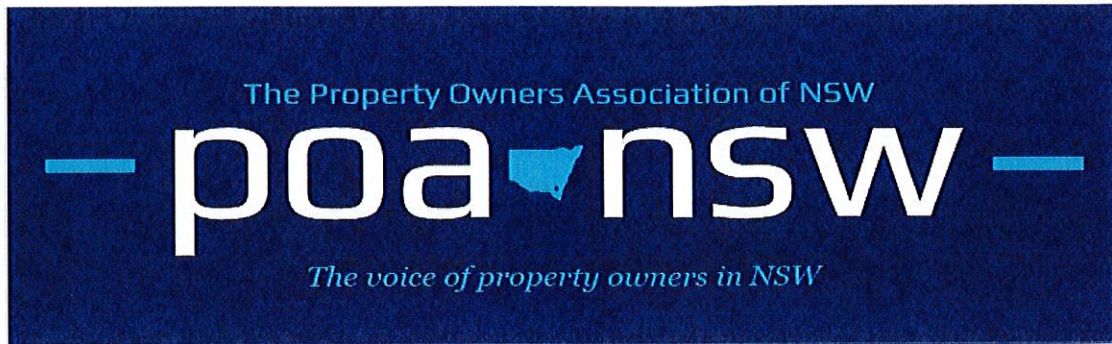
**Inquiry into the Fire and Emergency Services Levy**

on behalf of the:

Property Owners Association of NSW

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Thank you for your invitation to make submission on the Inquiry into Fire and Emergency Services Levy.

**POA NSW supports the removal of levies on Insurance.**

The POA NSW supports the removal of the Fire and Emergency Services Levy (FESL) from insurance premiums.

It is an iniquitous and inefficient way of funding Fire and Emergency Services (FES) in NSW.

1. All residents and visitors of NSW benefit from the provision of FES, it is grossly unfair in that only a small portion, through their insurance levy, are required to carry the bulk of the burden of these essential services.
2. Further it is inefficient as it acts as a disincentive for NSW residents to take out appropriate insurance coverage. We also contend that this reduced take-up of insurance in NSW has an additional knock on effect: Increasing the underlying cost of insurance on those who do insure, as there is a smaller insurance premium pool for insurers to draw upon.

While outside the scope of this inquiry, it should be noted that other government charges are imposed on insurance premiums, such as stamp duty etc contribute to making NSW one of the most expensive jurisdictions in Australia to insure. Currently these various taxes and charges add some 40% to insurance premiums, of which the Fire and Emergency Services Levy is estimated to add 21% to the cost of insurance. This acts as a significant deterrent to people in NSW obtaining insurance. We remind the government that these additional charges have the same distortive impact on insurance take up and should be removed as well.

The POA NSW supports the removal of FES levy on insurance premiums, as it is a step in the right direction.



### **A Efficient, Simple and Equitable funding model for FES**

The proposed, then deferred proposal to fund Fire and Emergency Services through council rates was a step in the right direction, by broadening the base and removing the distorting impact on insurance premiums, but it still fundamentally fails to align appropriately all those who benefit from FES.

All NSW residents and guests benefit, so all should pay, not just a small segment of property owners.

The POA NSW supports funding FES via the most efficient, simple and equitable way, which is through NSW consolidated revenue, so as to align the burden of funding Fire and Emergency Services with those who benefit, with the added bonus of removing the distorting impact on Insurance costs.

Yours Faithfully

Peter Dormia

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on behalf of The Property Owners Association of NSW:

