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INTERNATIONAL PUBLICATION OF:

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ARTWORK DELIVERY TO:

McMullan Conway Communications Pty Ltd
763 Heidelberg Road, Alphington VIC 3079 Australia (COURIERS)
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PREPRESS:

Combined Repro Graphics
4 Eastgate Court, Wantirna South VIC 3152, Australia
Tel: +61 3 9801 8133 Fax: +61 3 9801 8144

PRINTING:

Printgraphics, 14 Hardner Road, Mt Waverley VIC 3149, Australia
Tel: +61 3 9562 9600 Fax: +61 3 9562 6700

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**FROM THE
PUBLISHER**
Noel Pettersen
Chief Executive
of NIBA

STOPPING UNFAIR TAXES: WHO WILL START THE BALL ROLLING?

Over the past few years we've been fortunate enough to have people in positions of power who have been forced by circumstance to acquire first-hand knowledge of the vital importance of a healthy and profitable insurance industry. But that was when liability premiums were zooming up and communities were getting angry. I suppose it was too much to expect that old habits would die out entirely.

Over the past couple of months we've seen the New South Wales Government raise the stamp duty on insurance premiums to 9%, and the Victorian Government pass legislation designed to tax insurance premiums which don't exist.

Last year the NSW Government came close to reforming its impractical fire services levy system, but found the lobbying strength of the commercial property sector too hard a nut to crack. As a result, NSW citizens who insure their personal property still pay the levy, with GST and stamp duty lumped on top.

In Victoria, the new Emergency Services Bill forces businesses to pay the fire services levy and associated taxes on a notional premium (the basis of which is yet to be determined) on the value of the deductible they have on property policies. The legislation was introduced without the knowledge of the insurance industry or the many companies which will have to pay millions of dollars in tax on insurance they don't have.

The business sector in the state is not impressed. However, the last-minute lobbying of NIBA, ICA and business groups was ignored.

The actions of these two governments highlights the impotence of the insurance industry when it comes to public issues. There is little community or media understanding about the value of the industry to the economic welfare of Australia, so there is no need for governments to watch their step when they set out to extract more money from premiums. There's no fuss, so why worry?

The situation won't change until insurance-buyers force governments to reconsider. That will only be achieved if brokers educate their clients about the amount of tax they are paying on premiums.

A few years ago NIBA provided members with tax information to pass on to their clients, and suggested brokers should encourage their clients to raise this issue with their local MPs. Some brokers asked why they should be involved.

There are many reasons why we have to continue resisting governments' attempts to load insurance with unfair and illogical taxes. One convincing reason is because high taxes have recently been identified as a major cause of underinsurance in the Australia community. The fact that clients may be underinsuring deliberately to avoid taxes should concern brokers.

And if clients are paying extortionate amounts in tax, it is surely the role of the broker to bring this to their attention.

If the broker chooses not to show the client how much could be saved on premiums through the elimination of unfair and discriminatory taxes, who can we expect to initiate change?

Over the next few months NIBA will again be producing support materials for members to help them help their clients. Change has to start somewhere, so why shouldn't it be with us? ■