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Insurance Council Welcomes IPART Final Report

The Insurance Council of Australia has welcomed the findings and recommendations relating to insurance taxes in the NSW Independent Pricing & Regulatory Tribunal (IPART) Final Report into State Taxation.

The IPART Report supports previous submissions by the Insurance Council calling for insurance taxes to be reviewed.

In its Final Report to the NSW Treasurer on State Taxation, the NSW IPART found that:

- *"Insurance duty is a highly inefficient tax that creates disincentives for appropriate insurance. This suggests that the State should seek to reduce its reliance on this duty over the longer term".*
- *"The Fire Services Contribution by insurers is effectively a levy on insurance and creates disincentives for taking out appropriate insurance. On this basis, its removal should be a priority"*

These findings from IPART on insurance taxes are consistent with Insurance Council submissions to IPART and more recently, the Insurance Council's submission to the Federal Review of Australia's Future Tax System (the Henry Review), both available at www.insurancecouncil.com.au/submissions

The Insurance Council especially welcomes the IPART recommendation calling for reform of fire funding and the IPART clarification as to the impacts of their proposed reform on local government.

"The specific recommendation to fund the fire services through a transparent, separately identified property based levy administered by local councils, rather than have the fire services funded through insurance policy holders paying a fire services levy, is a significant reform and one that will lead to a more equitable and effective funding of fire services in NSW" said Karl Sullivan, Insurance Council of Australia.

"As the Final Report makes clear, the IPART recommendation to phase out the fire funding contributions system from local government and the insurance industry is in the community interest and supported by the Local Government and Shires Association".

"The IPART Final Report represents a significant breakthrough in relieving insurance policyholders from the burden of insurance taxation. The Insurance Council is continuing to pursue the challenge of insurance tax reform, not only in NSW, but across Australia as shown by our submission to the Henry Tax Review and as part of our policy on increasing community resilience", said Mr Sullivan.