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**Gary Humphries MLA**

Australian Capital Territory

2000-01 BUDGET

23 May 2000

## **OPERATING LOSS ELIMINATED: INSURANCE LEVY TO CEASE**

The 2000-01 Budget will be the last one in which insurance companies will be required to pay the Insurance Levy, Treasurer, Gary Humphries, announced in today's Budget.

The levy was introduced in 1998 to offset the cost of running emergency services, given the Territory's high operating loss. It brings in \$10 million per year.

"In recognition of the fact that this levy was introduced to help offset the operating loss, it is fair that we now cease collecting it given the operating loss will be eliminated by the end of the 2000-01 Budget," Mr Humphries said.

"This is the most substantial exercise of faith by a Government in the introduction of a tax. In 1998, we explained why we introduced the levy. Now the purpose of that levy has been fulfilled, we honour the reasons we gave, and remove the levy.

"For customers of insurance companies which were passing on the levy, this should mean a reduction in premiums by up to one-third in the case of business, and 20% in the case of homeowners.

"The Revenue Office and the Office of Fair Trading will liaise with insurance companies during the next twelve months to ensure that, from July 2001, insurers pass on the savings to their consumers.

"The abolition of the levy on insurers in the ACT will be a significant boost to business, in particular, by lowering the cost of business insurance.

"On top of our commitment to reduce payroll tax liabilities, this is a measure which will favourably impact on every business in the ACT. It represents a real financial dividend from the hard work this Government has put in to eliminating our operating loss," Mr Humphries said.

**Statement Ends**

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