

**The Government's response to the recommendations
arising from the final report of the Public Accounts Committee
Review of Fire Services Funding.**



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The Government accepts the principal recommendation (Recommendation 1) of the Public Accounts Committee (PAC) to retain the current insurance-based system for funding the fire services.

The PAC's recommendations relating to a property-based system (recommendations 4.1 to 7.6) will be considered if it is decided at some time in the future to re-examine the merits of a property-based system.

The Government will implement recommendations aimed at improving the operation of the existing insurance based funding of the fire services. In particular, the Government will implement recommendations 2.2, 2.3 and 2.5. This will entail:

- conducting a review of the types of insurance and weightings used to calculate insurance company funding contributions;
- reviewing the extent of offshore insurance by commercial policyholders and options to enhance compliance with legislative requirements; and
- reviewing charges payable for services rendered by the NSW Fire Brigades to ensure they remain appropriate.

Recommendation 2.1 of the PAC report is that the Insurance Council of Australia increase the advisory rate of FSL imposed on motor vehicle insurance to reflect the proportion of use made of fire services by motor vehicles without increasing the total amount collected from policy holders.

The Government does not support this change, as call outs are not a good proxy for the overall cost of providing fire services. The cost of providing fire services largely reflects the fixed cost of equipment and labour required to maintain a standing force. Basing the advisory rate of FSL on call outs would therefore overstate the contribution that should be provided by motor vehicle policy holders.

The Government accepts the remainder of the recommendations of the PAC including:

- That insurance companies notify policy holders of the amount of FSL recouped and report the total amount of FSL collected annually to the fire services (recommendation 2.4). This is consistent with existing legislative requirements.
- That the Government continue to investigate ways to eliminate any flaws in the current funding system (recommendation 3).
- That the Government not establish a separate fund for fighting major bushfires (recommendation 8).