

## **Terms of Reference**

### **REVIEW OF FIRE SERVICES FUNDING**

1. Prepare a report evaluating the current fire services funding arrangements and alternative funding arrangements.
2. The Report should
  - a) present recommendations on future funding arrangements that meet the current and prospective needs of the fire services and would be as near as possible to cost neutral;
  - b) provide detailed information on how the recommended arrangements would apply to facilitate their possible implementation in 2004-05; and
  - c) identify any administrative and compliance issues associated with the current and recommended funding arrangements, including transitional issues and the earliest practical commencement date for the proposed reforms.
3. In conducting the inquiry, the Committee should
  - a) consider the impact of current and proposed funding arrangements on decisions by households and businesses to insure;
  - b) consider the funding approaches adopted in Queensland and South Australia and soon to come into effect in Western Australia as well as the findings of the Victorian review of fire service funding;
  - c) consider the implications of any changed fire service funding arrangements for the role of local governments in funding and facilitating the provision of fire services, particularly in rural NSW;
  - d) consider how the State government's contribution to funding the fire services should be determined within any new funding framework;
  - e) undertake modelling of the impact of the proposed funding arrangements on taxpayers to assist in determining proposed funding arrangements;
  - f) not consider general insurance taxation issues such as the GST and stamp duty on insurance unless these issues affect the operation of fire service funding arrangements; and
  - g) not consider issues that relate to the cost of fire service provision or its cost effectiveness.
4. The Committee's proposed funding arrangements should:
  - a) ensure, to the maximum extent possible, that all those that benefit from the provision of fire services contribute to funding the fire services;
  - b) broadly match funding contributions to the level of service provided to the taxpayer and/or the risk of fire affecting each taxpayer;
  - c) be difficult to avoid through changed taxpayer behaviour; and
  - d) provide a stable base for funding fire services.

5. The Committee should also consider the appropriate funding arrangements for meeting the extraordinary costs associated with fighting major bushfires. In particular, the Committee should examine the possible development of a fire fighting reserve – funded by a fire service levy – to assist in meeting future extraordinary costs associated with major bushfires.
6. The Committee is to report by 29 February 2004.