

Conversation Starter CS19-02: Provision of Services to Non-Residents

AS THE NEXT PHASE OF THE REGIONAL RESPONSIBILITY REVIEW PROJECT, THE COMMISSION SEEKS TO UNDERSTAND MORE ABOUT ISSUES AND COST IMPLICATIONS FOR COUNCILS OF PROVIDING SERVICES TO NON-RESIDENTS

Following the 2018 Hearings and Visits, the Commission decided that a more detailed review of the Regional Responsibility Cost Adjustor (CA) needs to be undertaken and that it needs to consider broader replacement indicators of disadvantage to capture the impact of providing services to non-residents. This Conversation Starter is the next step in having more specific discussions with councils on this issue. For a variety of reasons, many councils believe that the current CA does not accurately reflect the disadvantage (or advantage) of being a "regional Local Government Area (LGA)". Both in terms of definition and

calculation, there are areas where the current CA can be questioned. This phase of the review of the CA now includes consideration of other CAs which may also relate to, or reflect, some portion of both resident and non-resident populations. The Commission is interested in learning about all impacts non-resident populations have to enable it to progress this next phase of its review within the current triennium. The Commission expects options for the replacement of the Regional Responsibility CA to an alternative measure/s that reflects the impact of non-residents on the cost of providing council services to be the main topic at its 2020 Hearings and Visits.

It should be noted that this review will not extend to consideration of a "revenue adjustor" based on the same causes.

Background

Following on from the Commission's review of Regional Responsibility, the Commission is now undertaking a project to investigate the council expenditure impacts of providing services to non-residents, with a view to finding an indicator, be it a cost adjustor, series of cost adjustors or other mechanism used in conjunction with cost adjustors which reasonably accurately reflects the actual services provided by a council.

An indicator is needed which captures the net effect of the inflow and outflow of individuals who cross LGA borders for whatever reason.

Who are these non-residents?

Individuals and families that cross LGA borders to undertake a wide

variety of activities, including work, sporting events, professional services (e.g. doctors, lawyers, etc.), government services, leisure and entertainment.

The impact of these population movements is to require councils to provide services to address the increase (or decrease) in net population movements.

Population movements naturally include Tasmanian residents from adjoining and more distant LGAs, as well as interstate and international travelers.

Tourists include visitors that arrive in an LGA (and possibly travel to other LGAs) in various ways, including by vehicle, aircraft and boat, including cruise boat.

What other indicators do we already have?

Other CAs which already aim to capture similar non-resident impacts on councils' service provision/expenditure are:

1. Tourism CA – As a result of Accommodation Bed data which used to inform this CA no longer being available, this CA is currently being phased out. However, tourism activities continue to increase and require councils to provide a different range and level of services to that needed to service its own residents.

2. Scale CA – Whilst the larger LGAs generally speaking reap the greatest benefit from economies of scale, the actual costs incurred may also include expenditure in response to the impact of non-resident populations “doing business” in the larger LGAs.
3. Other CAs – other CAs which also have linkages to service delivery to non-resident populations include the Worker Influx CA and the Absentee Population CA.

Council services potentially showing correlations with non-resident population movements include:

- Law, order and public safety;
- Planning and community services;
- Waste management and the environment;
- Recreation and culture; and
- Roads and bridges.

Questions

To ensure the Commission has a comprehensive understanding of all council views on the impact of non-resident populations, the Commission seeks comments on the following matters:

- What is the impact on council services of each type of non-resident population in a LGA?;
- Which data sources are best for providing an indication of the number and impact of

non-resident populations on council services?;

- Which and to what extent are each of the expenditure categories impacted by each type of cross-border movement of people?; and
- Assuming the net impact of non-residents is material, how should the Commission determine the numerical and/or comparable indicator of the relative impacts by non-resident types?

The Commission seeks to ensure that the financial impact that its Base Grant Model has on the allocation of FAG funds to Tasmanian councils is reflective of the net expected collective impact of all non-residents on councils.

Submission deadline

To enable discussion at the Commission's 2019 Hearings and Visits which are expected to commence on 18 February 2019, submissions should be submitted to SGC@treasury.tas.gov.au and be received by **Friday 1 February 2019**.

These Conversation Starter flyers are not intended to be detailed papers. Council submissions on Conversation Starter issues can take any form councils wish – written and/or discussion at the 2019 Hearings and Visits. Where possible, documentary evidence in support of the points being made in a submission would be appreciated.