

# 2019–22 Triennium Work Plan & Beyond

Information Paper IP19–01

**STATE GRANTS COMMISSION**

# Triennium Review Context

The State Grants Commission (the Commission) is an independent statutory body responsible for recommending the distribution of Australian Government and State Government funds to Tasmanian local government authorities. To ensure that the distribution of available funds is as equitable and contemporary as possible, the Commission continually monitors council practices and updates assessment methods and data where appropriate.

To provide some structure to updating the distribution methods of the Australian Government Financial Assistance Grants (FAGs), the Commission operates a triennial review policy whereby major method changes are introduced only every three years, with data updates and minor changes applied every year.

## Overview of Triennial Review Period (FAGs)

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Distribution	Action
2018-19	Method Changes + Data Updates
2019-20	Data Updates
2020-21	Data Updates
2021-22	Method Changes + Data Updates

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As this is the start of the next Triennium, the 2019 Hearings and Visits discussions provide an opportunity for the Commission to also indicate to councils the projects that it is currently planning to undertake during the 2019-22 Triennium, and their likely timing. These projects are outlined in the following paper.

The Commission also has a number of other matters that, at some future stage, it may consider or investigate further. Due to the breadth and extent of the work currently planned for the 2019-22 Triennium, any work on these “other matters” is likely to be occur in the following Triennium (2022-25) unless the Commission’s priorities change.

The Commission welcomes any feedback from councils on its work plan and the Commission's priorities.

## 2019 Councils Hearings and Visits expected focus:

Topic	Description	Priority & progress plan
Socio-economic/demographic matters	<p>At the 2018 Hearings and Visits, councils indicated that the Unemployment Cost Adjustor is not recognising overall social-economic matters adequately and there is a need for additional socio-economic recognition in the Commission’s Base Grant Model beyond the current Unemployment Cost Adjustor, such as recognising disability, age demographics, migrant populations, income levels. As a consequence, the Commission determined that further work was required on socioeconomic matters.</p> <p>This Review may involve:</p> <ul style="list-style-type: none"> <li>• Further research into the SEIFA index and a comparison with unemployment data over a long period to better understand the implications of moving to this index; and</li> <li>• Review of other state grant commissions methodologies to see what socioeconomic cost adjustors are used and how.</li> </ul>	<p>High 2019-22 Triennium</p> <p><b>Comment:</b> <i>This topic is the subject of Discussion Paper DP19-01, being discussed with councils as part of the 2019 Hearings and Visits.</i></p> <p><i>The Commission anticipates completing this project during 2019.</i></p> <p><i>Any changes resulting from this project will not be implemented until the end of the 2019-22 Triennium, and inform the 2021-22 Grant allocations.</i></p>
Regional Responsibility	<p>Following the 2018 Hearings and Visits, and given changing circumstances since the last review of this cost adjustor, the Commission resolved that the Regional Responsibility Cost Adjustor does require review and it is a relatively high priority for the Commission. 2018 Feedback from councils indicated no support for any of the high level proxy measures proposed in DP18-01 and no viable alternative high level proxy measures were suggested.</p> <p>The Commission expects this review to focus on:</p> <ul style="list-style-type: none"> <li>• Understanding the impacts of non-resident populations;</li> <li>• researching approaches adopted by other local government grants commissions relating to service industries compared to the Commission’s current regional responsibility;</li> <li>• a review of the relationship of the Commission’s current Regional Responsibility Cost Adjustor with other “population serviced” type cost adjustors (<i>including the</i></li> </ul>	<p>High 2019-22 Triennium</p> <p><b>Comment:</b> <i>This topic is the subject of a Conversation Starter (CS19-02 Provision of Services to Non-Residents) in 2019, with a view to gaining council input to the next stage of this review. Outcomes from the discussion with councils will influence the options to be</i></p>

## 2019 Councils Hearings and Visits expected focus:

	<p><i>Absentee Population Cost Adjustor, Worker Influx Cost Adjustor, both Scale Cost Adjustors and the Tourism Cost Adjustors</i>); and</p> <ul style="list-style-type: none"> <li>• Considering the special expenditure proposal.</li> </ul>	<p><i>discussed during the 2020 and 2021 Hearings and Visits.</i></p> <p><i>The Commission anticipates completing this project during 2021.</i></p>
<p>Road Grants Model - Road Practices Review</p>	<p>This involves a Full Review of the assumed Road Practices that underpin the Commission’s Road Preservation Model. The Review will focus on updating the technical practices that are currently assumed in the Road Costing Model to reflect improvements in Road Construction and Maintenance practices.</p> <p>This Review will not encompass a review of the Commission’s assumed Standard Road Profiles (i.e. the Standard Road Profiles for Urban Sealed, Rural sealed and Unsealed Roads will continue as they are currently defined).</p> <p>This Road Practices Review may involve the engagement of an engineering consultant, and/or a working group of council engineers to determine the standard practices being used by councils for road construction and maintenance practices, to determine the current annual asset preservation cost for roads.</p>	<p>High</p> <p>2019-22 Triennium</p> <p><b>Comment:</b></p> <p><i>This project is just commencing with comments being sought from IPWEA engineers and facilitated/co-ordinated by the Local Government Association of Tasmania (LGAT). Comments are due by mid-March 2019.</i></p> <p><i>Depending on the feedback received, this project may result in some minor road costing model data changes, which could be adopted/incorporated into the Commission’s methodology when received, or else trigger a major review of the Commission’s Road Preservation Model. If a major review is necessary, the Commission will need to consider the timing and priority to give this task.</i></p>

## 2019 Councils Hearings and Visits expected focus:

<p>Commission Survey</p> <p>Performance</p>	<p>In accordance with the Commission’s Performance Appraisal Guidelines, an external stakeholder assessment is conducted periodically.</p> <p>During 2018-19, the Commission will undertake a council survey of its performance and engagement with councils.</p>	<p>High</p> <p>2019-22 Triennium</p> <p><b>Comment:</b>  <i>The 2018-19 stakeholder assessment will be conducted through the process of seeking feedback and council comments on Conversation Starter CS19-01: Engagement with councils.</i></p>
<p>Airport Allowances</p>	<p>Investigate the King Island and Flinders airport net costs as part of the 2018 review of the Base Grant Model’s Airport Allowance</p>	<p>High</p> <p>2019-22 Triennium</p> <p><b>Comment:</b>  <i>This review is being conducted using data sourced directly from the relevant Island councils.</i></p>

## 2020 Councils Hearings and Visits expected focus:

Topic	Description	Priority & progress plan
Regional Responsibility	In 2020 the Commission expects to continue to the next stage of the Regional Responsibility Review. The 2020 project will depend on the findings from 2019.	<p>High</p> <p>2019-22 Triennium</p> <p><b>Comment:</b></p> <p><i>This topic is expected to be the subject of a Discussion Paper in 2020 and 2021 given the breadth of its potential impact.</i></p> <p><i>The Commission anticipates completing this project during 2021.</i></p>

## 2021 Councils Hearings and Visits expected focus:

Topic	Description	Priority & progress plan
Regional Responsibility	<p>This phase of the project depends on the progress and outcomes of the 2019 and 2020 phases.</p> <p>In 2021 the Commission expects the next stage of the Regional Responsibility Review to focus on a preferred solution to the Regional Responsibility Review.</p>	<p>High</p> <p>2019-22 Triennium</p> <p><b>Comment:</b></p> <p><i>This topic is expected to be the subject of Discussion Papers in 2020 and 2021 given the breadth of its potential impact.</i></p> <p><i>The Commission anticipates completing this project during 2021 with a view to implementing any changes at the end of the 2019-22 Triennium, which will inform the 2021-22 Base Grant allocations.</i></p>

## 2022+ Councils Hearings and Visits expected focus:

Topic	Description	Priority & progress plan
Base Grant Model - Averaging and caps and collars	Review the concept/weighting of using the three year Averaging concept in the Base Grant Model and its interaction with the Commission's Caps and Collars concepts. Changing the weighting assigned to each year in the average calculation may also be considered as part of the review.	
Tourism	This project depends on the results of the Regional Responsibility Review Project. If there is a need for any additional recognition of tourism in the Base Grant Model following the completion of the Regional Responsibility Review project, this project will investigate other data options for measuring/informing a potential replacement Tourism Cost Adjustor (as a consequence of the winding back of the Commission's existing Tourism Cost Adjustor).	
Base Grant Model - GP Practice Allowance	Review the ongoing need for a GP Practice Allowance in the Commission's Base Grant Model	

## Submissions and timeframes

The Commission invites suggestions from councils on any other issues the Commission should consider over the 2019-22 Triennium or comment on the Commission's draft 2019-22 Triennium Work Plan. Councils should feel free to provide comments on any other pertinent issues regarding the Commission assessment methodologies.

Written submissions should be forwarded to the Commission Executive Officer as follows:

- By post: Executive Officer  
State Grants Commission  
GPO Box 147  
HOBART TAS 7001
- By email: [SGC@treasury.tas.gov.au](mailto:SGC@treasury.tas.gov.au)

Submissions close on Friday **1 February 2019**.

Further details regarding the annual assessments and methodology used by the Commission can be found in the [State Grants Commission 2017-18 Annual Report, including 2018-19 Financial Assistance Grant Recommendations](#), the [State Grants Commission 2018-19 Financial Assistance Grant Data Tables](#) and the [State Grants Commission Financial Assistance Grant Distribution Methodology](#) paper. These documents are available on the Commission website. Go to the Commission webpage (<https://www.treasury.tas.gov.au/state-grants-commission>) and then click Methodology and Publications.

Any queries should be directed to the Executive Officer on (03) 6166 4274.

## 2019 Hearings and Visits

The Commission will provide councils with an opportunity to discuss this paper and any other concerns during the 2019 Hearings and Visits program that will begin in February 2019.

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