

SECOND READING SPEECH – THE HON. PETER GUTWEIN MP

State Grants Commission Amendment Bill 2015

Madam Speaker

I move – That the Bill now be read for the second time.

This Bill amends the State Grants Commission Act 1976.

As part of the Government's forward policy agenda, A Change for a Brighter Future, the Department of Treasury and Finance undertook a review of the State Grants Commission (SGC) structure to identify potential efficiencies.

An Interim Report was provided to the Treasurer in June 2014 and concluded that whilst the Commission serves a fundamental purpose and cannot be abolished, efficiencies could be achieved through reducing the number of members of the Commission from four to three.

The State Grants Amendment Bill 2015 makes a number of minor amendments to the *State Grants Commission Act 1976* regarding the Constitution and membership of the State Grants Commission.

The primary responsibility of the State Grants Commission is to make recommendations to the Treasurer concerning the distribution of the Australian Government Financial Assistance Grants under the provisions of the Commonwealth Act *Local Government (Financial Assistance) Act 1995*. In 2014-15, the Financial Assistance Grant funding for Tasmanian councils totalled \$72.2 million.

The Local Government (Financial Assistance) Act requires that a local government grants commission exist in a state in order to be entitled to a share of the national pool of financial assistance grant funding from the Australian Government. The Local Government (Financial Assistance) Act also requires that membership of the commission consist of at least two people who are, or have been, associated with local government in the State.

Currently the State Grants Commission consists of four members: a Chairman who is appointed by the Governor, two representatives of local government nominated by the Minister responsible for the *Local Government Act 1993* and a person nominated by the Secretary of the Department of Treasury and Finance and approved by the Minister, being the Minister responsible for the State Grants Commission Act. As the State Grants Commission

Act falls under the Treasurer's portfolio of responsibilities, I am the Minister who approves the Treasury nominee, in my capacity as Treasurer.

The Amendment Bill reduces the number of members of the State Grants Commission from four to three.

Given the Australian Government requirement that the Commission consist of at least two local government representatives, the SGC Chair position is being redefined as a person who the Secretary of the Department of Treasury and Finance nominates, and is approved by the Minister. The Secretary of the Department of Treasury and Finance will be able to nominate a person who the Secretary considers to have appropriate experience in business, financial or local government matters. This criterion is the same criterion that the legislation currently applies when the Governor appoints a person to the position of Chair of the State Grants Commission.

The reduction of membership of the State Grants Commission can be achieved without a loss in functionality of the Commission. It should be noted that the Commission initially consisted of three members and its membership increased to four in 1990, when the Australian Government requirement for local government representation on local government grants commissions to change from one member to two members, was implemented.

The maximum term of appointment for members has also been increased from three years to five years. This amendment will enable Commission members to develop a greater depth of corporate knowledge of State Grant Commission principles, methodologies and deliberations.

This Bill also alters the number of Commission members required to be present to make up a quorum for Commission meetings, consistent with the reduced number of members of the Commission.

The State Grants Commission Amendment Bill 2015 also removes a statutory officer role of Secretary of the Commission in the *State Grants Commission Act 1976*.

The previous statutory officer provision is to be substituted with a provision that requires the Secretary of the Department of Treasury and Finance to make available staff and all other necessary support to the State Grants Commission to enable it to exercise and perform its powers and functions under the *State Grants Commission Act 1976*. The Department of Treasury and Finance provides administrative support to the State Grants Commission from the Department's budget.

The State Grants Commission Amendment Bill 2015 has been drafted to commence on a date to be proclaimed. This is necessary in order to effectively manage the transition from the current Chair and Treasury nominated member positions and the appointment of the new Chair.

The State Grants Commission, Local Government Association of Tasmania, Local Government Division of Department of Premier and Cabinet and the Commonwealth Department of Infrastructure and Regional Development were consulted on a draft version of the Amendment Bill. The State Grants Commission Amendment Bill 2015 being considered today incorporates and responds to feedback received through the consultation process.

This reduction in membership of the State Grants Commission delivers on the Government's promise to review and reduce the size of Government boards and is one of many approaches being taken to achieve the Government's savings strategies.

I commend the Bill to the House.