

LOCAL GOVERNMENT AMENDMENT (REGIONAL SUBSIDIARIES) BILL 2014

Second Reading

MR R.S. LOVE (Moore) [4.57 pm]: I move —

That the bill be now read a second time.

I rise to introduce the Local Government Amendment (Regional Subsidiaries) Bill 2014. The purpose of the bill is to enable local governments to form regional subsidiaries via an amendment to the Local Government Act 1995. The introduction of a regional subsidiaries model will allow two or more regional local governments to establish a regional subsidiary to undertake a variety of services and activities. The regional subsidiaries model contained in the bill has been based on the successful provision of regional subsidiaries contained within the equivalent South Australian legislation, the Local Government Act 1999.

As members may be aware, the merits of the introduction of a regional subsidiaries model into the Local Government Act 1995 have been widely debated in the local government sector following the introduction of the Local Government Amendment (Regional Subsidiaries) Bill 2010 by Hon Max Trenorden, MLC, on 25 November 2010. I recognise and applaud the efforts of Hon Max Trenorden in developing that bill and bringing this important instrument to the attention of the Western Australian Parliament. The 2010 bill was written following extensive consultation with the Western Australian and South Australian local government sectors. The Local Government Amendment (Regional Subsidiaries) Bill 2010 was subsequently reviewed by the other house's Standing Committee on Legislation. Following the handing down of that committee's report, the government then introduced the Local Government Amendment Bill (No 2) 2012, which incorporated a number of the recommendations contained in the Legislation Committee's report. The Local Government Amendment Bill (No 2) 2012 was never passed and was terminated due to the 2013 election.

The Local Government Amendment (Regional Subsidiaries) Bill 2014 reintroduces the government's 2012 bill with some minor changes made—incorporating amendments to the Minerals Research Institute of Western Australia Act 2013 and the Water Services Act 2012. Further changes to the 2012 bill have been made that incorporate the then Minister for Local Government's recommended amendments, which were first published on this house's notice paper on Thursday, 13 September 2012, to clause 8—proposed new section 3.69—of that bill. The first of these changes is at proposed new section 3.69(2) and provides that —

A regional subsidiary —

- (a) is a body corporate with perpetual succession and a common seal; and
- (b) is to have a governing body consisting of members appointed in accordance with the charter on the basis of which the Minister approved the formation of the regional subsidiary or that charter as amended.

The second change is at proposed new section 3.69(4)(c), which states that regulations may —

require the local governments proposing to form a regional subsidiary to prepare a charter addressing the process for selecting and appointing members of the regional subsidiary's governing body and any other matters required by the regulations to be dealt with in a charter, and to forward the charter to the Minister when applying for approval;

The Local Government Amendment (Regional Subsidiaries) Bill 2014 allows two or more local governments making arrangements under which they are to provide a service or carry on an activity jointly, to, with the Minister for Local Government's approval, form a subsidiary body—referred to as a “regional subsidiary”—to provide that service or carry on that activity. A regional subsidiary is a body corporate, and is to comprise a governing body consisting of members appointed in accordance with the charter. Importantly, a governing body may include members who are not council members or employees. People with relevant external expertise may therefore be appointed to the board of a regional subsidiary, allowing the body corporate to flourish.

Although the bill introduces the regional subsidiaries model into the Local Government Act 1995, a subsidiary will not be able to be formed until the regulations have been adopted. Details to be contained in the regulations, made pursuant to the powers in proposed section 3.69(4) of the bill, include the procedure for applying to the minister for approval to form a regional subsidiary; the powers and duties of a regional subsidiary; its ongoing administration; and the eventual winding up of a regional subsidiary. Local governments proposing to form a regional subsidiary will be required to prepare and include in their application a charter addressing the matters required by the regulations, including addressing the process for selecting and appointing members of the regional subsidiary's governing body.

The regional subsidiaries model is an important tool that will allow local governments to maintain their identity and local presence while building a position of economic sustainability. Current multi-local government

arrangements operating in WA, such as regional organisations of councils, do not provide regional local governments with the flexibility required to ensure sustainability. Successful regional subsidiaries make it possible to drive regional economies through a collective approach, the pooling of resources and the sharing of valuable expertise to assist the development and prosperity of local government districts. A great deal of importance is placed by country people on their local governments, which are intrinsically linked with their local identities and are important instruments to empower local communities and to build social capital.

I and my colleagues, being members of the Parliamentary National Party, are supportive of voluntary reform and recognise the need for some legislative measures to ensure that local governments can achieve economic sustainability while maintaining local identity and providing the services that their residents require. Voluntary reform aimed at achieving a more sustainable local government sector is best achieved by allowing local government to have access to instruments such as regional subsidiaries that encourage and foster resource sharing. Introducing a regional subsidiaries model for local government into Western Australia will allow for greater flexibility in the creation of shared works and service entities. Regional local governments have been demanding reform in this area for a number of years, and this bill will assist to satisfy these requests. I commend the bill to the house.

Debate adjourned, on motion by **Dr A.D. Buti**.

House adjourned at 5.03 pm
