

LOCAL GOVERNMENT AMENDMENT (REGIONAL SUBSIDIARIES) BILL 2010

Second Reading

MR J.N. HYDE (Perth) [4.30 pm]: I move —

That the bill be now read a second time.

I support very strongly this legislation. The Local Government Amendment (Regional Subsidiaries) Bill 2010 was debated in the Legislative Council and passed with the support of the parliamentarians there. This bill was introduced by Hon Max Trenorden, and it is a bill that he and other MPs have done a lot of work on. It is a bill that has the support of major stakeholders in local government around the state including the Western Australian Local Government Association.

I moved the second reading of the bill during private members' business because although it was sent from the Legislative Council late last year, it has not been brought on as part of the government's debating time. This is very important legislation that this house should agree to pass before we finish this term of Parliament. In the past, this side of the house has cooperated with the government on legislation such as the Western Australia Day (Renaming) Bill 2011. Also, the house will remember that in November last year I guaranteed the Minister for Heritage, after I had introduced a heritage amendment bill and he went away and introduced a slightly different bill, that we would pass his bill within an hour. Therefore, during the break I will work with the Liberal and National Parties, urging a similar amount of cooperation on this bill. If the government will guarantee a dedicated period for debate, we can pass this bill.

This is important legislation for a number of reasons. If we look at one of the major reports into local government, we see that the January 2009 report by Neil Douglas entitled "Feasibility Study of Regional Collaborative Models for SEAVROC Local Governments" noted that the subsidiary model of South Australia, on which this WA bill is based —

... has significant attractions, including its flexibility, its use of individual charters as the primary regulatory source and the relatively light compliance and regulatory burdens that apply.

Another benefit of us passing this amendment bill is that it will enable smaller communities to access unused private sector capacity in smaller towns in Western Australia and help stimulate employment locally. This legislation is ideal for a state as diverse as Western Australia. Significantly, the government's own Metropolitan Local Government Review Panel made a recommendation about council-controlled organisations in its finding 22, which states —

The potential for council controlled organisations/local government enterprises should be further considered.

This is very much in line with WALGA's submission to the issues paper, which also supported this. WALGA has been a strong supporter of this legislation since Hon Max Trenorden introduced it into the upper house. To put it succinctly, the problem is that our current legislation is unnecessarily restrictive and places enormous compliance burdens on the set-up of regional councils. That is a major disincentive to regional cooperation. To put it into layman's terminology, under the current act, a regional council is a formal legal grouping of existing councils. What happens in South Australia and elsewhere, and what councils and communities in WA want to be able to do, is councils can set up what we would call a regional grouping that may be issues-based, rather than be on a more formal basis. Therefore, it would enable these councils to get together for a dedicated outcome or it may be for a very considerable business unit. The benefit of this legislation is its simplicity and the ability for the 140 councils in WA to tailor it to meet their needs.

I will give members a couple of examples of support that I have received that enabled me to convince my colleagues on this side of the house that WA Labor support this legislation. The CEO of the Shire of Trayning informed me that the shire has been a participant in the North Eastern Wheatbelt Regional Organisation of Councils since its inception in the early 1990s. NEWROC has regularly considered the formation of a regional council but to date has always been defeated by the compliance and restrictions that would result from the current legislation. Therefore, it is a strong supporter of this bill. If we go to an even smaller council, such as the Shire of Victoria Plains, the CEO there informed me that a small council like Victoria Plains is involved in a lot of resource sharing with neighbouring shires but needs the vehicle provided in this bill to help it to move on from just sharing staff employed by neighbours to be able to employ specialist staff who could be shared by not just two but up to six shires involved in a VROC. Currently, one of the shires has to be the employer and charge the others for the service, but this becomes very messy, particularly when needs change. A business unit set up in a subsidiary would not only help in such an example, but also give the flexibility to offer excess capacity to the private sector or shires outside the VROC. The CEO of Victoria Plains, Harry Hawkins, stated —

We like many of our neighbours support reform of Local Government but not amalgamation and see this bill as an important step forward in a process to increase capacity without taking the “Local” out of Local Government.

WALGA has had a detailed view on this bill and provided that to a number of MPs and other stakeholders. WALGA rightly believes that a regional shared service delivery vehicle provides an opportunity for local governments to generate efficiencies by achieving economies of scale that are appropriate to particular services. The reason for its focus on shared services is partly attributed to a recognition within, I believe, a large sector of local government that believes wholesale amalgamations of local governments do not necessarily generate significant efficiency dividends. Under the Local Government Act 1995, local councils are limited in their ability to establish shared service structures. If local governments were able to establish regional local governments under this legislation to deliver services, they would not have to carry the very significant compliance burdens for regulatory as well as actual compliance purposes.

Local governments are able to look at a number of shared service models around the world that work, and this legislation is very clearly and openly based on the South Australian model, but it is a model that has also been successful in New Zealand and in other parts of Australia. One of the examples cited in South Australia is the Eastern Health Authority, which provides environmental health services to five member councils in Adelaide’s inner northern and eastern suburbs. The EHA provides financial and non-financial benefits to the local governments involved, which has resulted in more effective and more efficient services for the local communities. We believe that the same benefits could be borne out through the adoption of this legislation by the Parliament.

Hon Max Trenorden detailed one of the key advantages of this legislation in his speech in the other place: it uses a charter rather than legislation as the primary governance and regulatory instrument. In terms of the benefits that this legislation will provide, the debate in the other place foreshadowed that we in this house could perhaps look at formalising incorporated status for the regional council that is established. I have drafted an amendment and listed it in the notice paper; I believe it will meet the requirements of those who believe it is a better idea to have incorporated status formally provided for in the legislation rather than leaving it as something to be considered in regulations. Hopefully, if we are able to schedule a short, sharp debate on this legislation when we return in August, I will move that amendment in my name.

It is worth noting that one of the outcomes of this legislation will be, in very real terms, the achievement of what the Premier and others sought to achieve when they said that WA needed to have fewer than 100 local government councils. If we can move away from the very emotive issue of people losing their local identity through the abolishment of councils and get to the core issue of sharing services and efficiencies, this legislation will achieve that. It will enable local councils to come together and operate these business units and to operate core activities of council in a shared way, but not in the same way as would happen through amalgamations. There may be specific reasons why environmental health officers are being shared; there may be particular reasons why one council wants to keep its own rubbish disposal system, and another reason why a different grouping of councils want to come together to share a waste disposal regime. This legislation will give that flexibility to local councils and to local communities.

The strong benefit of this legislation is that it will achieve adequate and transparent compliance without any of the burdens currently experienced with compliance. Looking back to my time as mayor and councillor with the Town of Vincent we were, under the 1995 act, part of the Mindarie Regional Council, which is a waste undertaking. There were considerable compliance difficulties resulting from being part of that; they were such that our biggest council, the City of Stirling, decided to leave that grouping. It is very interesting that I have received representations from Stirling saying that it supports this regional subsidiaries model. It is not purely a vehicle for small councils to achieve efficiencies; it actually enables our biggest councils to undertake business units in a much more effective and efficient manner.

This is a change to the way local governments operate and will require proper community consultation so that people understand how this new vehicle will operate. During debate in the other place, reference was made to 11 matters that need to be regulated. It is clearly much more efficient for that to be done through regulation rather than including those requirements in the legislation. The issue of regulations is something that we could discuss more fully during consideration in detail.

The Legislative Assembly should be mindful that this legislation has already passed one house of Parliament and that it is legislation that enjoys the support of the majority of local governments in Western Australia. In fact, in all my many meetings with local councils, I have not yet encountered a local council that vehemently opposes the passage of this legislation through Parliament. I know that members of Parliament on the government side have also had similar representations from their local councils and other stakeholders in local government. This is very, very good legislation and it is incumbent on this house to consider this issue carefully. I will certainly be

working very hard during the parliamentary recess with my colleagues from the National Party, the Independents and on the government side, to see whether we can achieve agreement that this Parliament will treat this legislation seriously so that we can introduce it soon after we return in August and give some certainty to local governments. This is very good legislation, and I pay tribute and thanks to Hon Max Trenorden for shepherding it through the Legislative Council. I also commend all parties in the Legislative Council of the Parliament of Western Australia for passing this legislation, and I urge all members of the Legislative Assembly to strongly support it.

Debate adjourned, on motion by **Mr D.A. Templeman**.