

**LOCAL GOVERNMENT AMENDMENT (REGIONAL SUBSIDIARIES) BILL 2010**

*Introduction and First Reading*

Bill introduced, on motion by **Hon Max Trenorden**, and read a first time.

*Second Reading*

**HON MAX TRENORDEN (Agricultural)** [6.52 pm]: I move —

That the bill be now read a second time.

I am pleased to introduce the Local Government Amendment (Regional Subsidiaries) Bill 2010. The purpose of the bill is to amend the Local Government Act 1995 to enable local government to establish arrangements for sharing local government functions by the formation of regional subsidiaries in a way that is consistent with the regional subsidiary model that is successfully operating in South Australia.

The intention of the bill is to provide for both good local governance and measures for regional cooperation. On 5 February 2009 the Minister for Local Government, Hon John Castrilli, MLA, introduced a package of local government reform strategies. Specifically, these strategies were announced to encourage local governments over a six-month period to voluntarily amalgamate and form larger local governments. Within many parts of rural Western Australia the reform package was met with concern. Hon Nigel Hallett and I arranged to visit various state agencies and local governments in South Australia and Queensland during the week commencing Monday, 7 September 2009 to gain a greater understanding of local government reform that has been undertaken in both states. The finding of this trip was detailed in the report entitled “Structural Reform in South Australia and Queensland” and tabled in October 2009. During the 12 months since the release of this report, deep concern about the local government reform process has remained. Given this ongoing concern, Hon Nigel Hallett and I made a second visit to South Australia during the week commencing Monday, 30 August 2010 to further investigate how structural reform was implemented in South Australia and the effect it has had on councils, both metropolitan and non-metropolitan, since the mid-1990s when that state government’s review of local government commenced. While still interested in hearing how affected councils viewed the amalgamation process, the principal issue of interest in visiting South Australia was to meet those who had worked and operated under South Australia’s Local Government Act 1999. These discussions focused on the benefits of the South Australian legislation and how the subsidiary model contained within the act enabled local government to work more cooperatively. The findings of this visit are contained in a second report entitled “An Alternative Path to Structural Reform of Local Government in Western Australia: A Means for Local Government in Western Australia to Ensure the Future is Assured and Robust” and tabled in September 2010.

It is important to note that the establishment of a regional subsidiary does not take away from the power of a member council to act in a matter. The subsidiary is always subservient to the member council. Nor is a council prevented from being a member of different regional subsidiaries. In discussions with councils in both metropolitan and rural South Australia it is clear that the regional subsidiary legislation provides them with a means to undertake various activities. In effect, therefore, a regional subsidiary can be as simple as sharing a common resource—for example, a group of local governments sharing environmental health expertise in a complex situation in which a range of back-office functions such as rating, procurement, payroll et cetera are undertaken by the regional subsidiary.

The bill will allow two or more local governments arranging to perform a function jointly to form a body corporate known as a regional subsidiary to perform that function. The formation of a regional subsidiary will require the approval of the minister. Application for ministerial approval will need to be accompanied by a charter establishing the corporate status and powers and duties of a regional subsidiary. Regulations will set out the matters required to be dealt with in the charter and will also contain provisions about the governance of management of regional subsidiaries; the operation and financial planning, auditing and reporting to be undertaken by regional subsidiaries; the winding up of a regional subsidiary; and the application of provisions of the Local Government Act 1995 in relation to regional subsidiaries.

The new provisions are additional to, and will not affect, the existing provisions relating to regional local governments. They will also not prevent local governments from acting on behalf of each other or from performing functions jointly without forming a regional subsidiary. It is important also to note that the bill is in accordance with a report prepared by Mr Neil Douglas in January 2009. On page 54 of his report entitled “Feasibility Study of Regional Collaborative Models for SEAVROC Local Governments”, Mr Douglas provides the following comment on the regional government subsidiary model —

... I think that of the regional body models of other States and the Northern Territory that I have reviewed, only the ‘regional subsidiary’ model of South Australia warrants serious consideration. As a

model, it 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.

The bill provides a means for constructive debate and reform to take place. It will allow local government to better perform the tasks it is charged with—service delivery, economic development and advancement for and within the communities they serve. The efforts of parliamentary counsel in drafting this bill within a very short period are acknowledged. I commend the bill to the house.

Debate adjourned, pursuant to standing orders.