

Pilbara Regional Council Submission to the Inquiry into Local Government Amendment (Regional Subsidiaries) Bill 2010

The Pilbara Regional Council (PRC) was established in 2000 under the Western Australian Local Government Act of 1995. The Council is a collaborative partnership with the four Pilbara Councils: The Shire of Ashburton, the Shire of East Pilbara, the Shire of Roebourne and the Town of Port Hedland.

The PRC's Strategic Plan 2011/14 comprises four Key Result Areas (KRAs):

- Regional Service Delivery;
- A Voice for the Pilbara;
- Economic Value; and
- Governance Support.

These KRAs have been used as the basis for developing outcomes, strategies and actions that will be implemented during the three-year life of the Plan; the results of which will help achieve regional local government aspirations.

The Plan recognises the importance of developing partnerships with external stakeholders, such as Federal and State Government agencies and a range of nongovernment entities to ensure that there is a holistic approach to providing a high level of services and facilities to the Pilbara Community.

The Pilbara Regional Council provides a crucial role in the Pilbara by ensuring resource and cost efficiencies are achieved by managing identified services/projects across four Councils rather than on an individual basis by each Council. Our experience of regional service delivery mechanisms for identified products and services have provided opportunities for the four Pilbara Councils to achieve increased efficiencies in response to greater responsibilities and at a time of scarce resources, a desire to do more with less.

In late 2010 the PRC undertook to manage four of the local government reform initiatives and their implementation across the four councils utilising one consultant and saving approximately \$300,000 in travel, accommodation and consultancy fees which would have been expended if each council had managed the reform initiatives independently.

One of the major governance issues for the Pilbara Regional Council is the enormous administrative workload required to satisfy all regulatory requirements. This is particularly unreasonable for a regional council which employs two staff and provides no services to ratepayers but is expected to satisfy the same legislative requirements as the City of Perth which has several hundred employees and provides a more complex mix of products and services.

The legislative setting in Western Australia restricts and discourages Local Governments from entering into shared service arrangements. This is partly due to the onerous compliance burden that faces Regional Local Governments.

It is the view of the Council that there are a number of other shared service models available to Local Governments in other states of Australia and New Zealand which have applicability to Western Australia. A key model, which is the subject of the *Local Government Amendment (Regional Subsidiaries) Bill 2010*, is the Regional Subsidiary model in operation in South Australia.

The Regional Subsidiary model which allows two or more Local Governments to establish a regional subsidiary to undertake functions on behalf of its constituent Local Governments would work well in the Pilbara and to some degree reflects the services currently provided or proposed to be provided by the PRC. The PRC does not provide services directly to rate payers and is funded by annual subscriptions from constituent councils and grants. The Pilbara Regional Council would welcome a model which provided for more flexibility regarding the range of commercial activities that could be undertaken in order to generate additional income streams so it does not rely solely on receiving funding from its constituent councils.

The strengths of the Regional Subsidiary model include:

- Increased flexibility when compared to the Regional Local Government model because Regional Subsidiaries are primarily governed and regulated by a charter rather than legislation;
- An improved governance structure due to the ability to appoint independent directors to the board of management which would reduce the opportunity for a conflict of interest which regularly occurs with local government representatives, and
- Increased oversight and accountability provided by a singly-focussed board in comparison to a Council with a multitude of concerns and responsibilities.

The legislative setting governing regional subsidiaries should be light leaving most of the regulatory arrangements to individual charters

The Pilbara Regional Council would be keen to see further legislative reform undertaken to consider:

- Reducing the compliance burden associated with Regional Local Governments, and
- Allowing Local Governments to establish Local Government Enterprises, which are arms-length Local Government owned and controlled corporations able to perform strategic and commercially focussed functions while separated from everyday Local Government operations.

Regional local governments such as the Pilbara Regional Council participating in shared services and resourcing require the flexibility to operate in such a manner that suits their region's individual needs and streamlines operations. This should be underpinned by robust but manageable compliance obligations and the ability to undertake a range of commercial activities.