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**Minister for Local Government; Community Services;  
Seniors and Volunteering; Youth**

Our Ref: 57-01026

TO ALL LOCAL GOVERNMENTS

MINISTERIAL CIRCULAR N<sup>o</sup> 01-2017

**LOCAL GOVERNMENT (REGIONAL SUBSIDIARIES) REGULATIONS 2017**

I am pleased to announce the introduction of the regional subsidiary model in Western Australia. This is a mechanism that local governments have sought for many years and the necessary changes have now been enacted.

In 2016, the *Local Government Act 1995* was amended to permit two or more local governments to form a corporate entity known as a 'regional subsidiary' for the purposes of carrying out joint activities in their districts.

Regional subsidiaries are a semi-independent collaborative mechanism with flexible financial reporting and reduced regulatory compliance. Each subsidiary will be governed by a charter as agreed by the participants. The model is a compromise between the strictly regulated Regional Local Government model and the variable nature of a Voluntary Regional Organisation of Councils.

The new mechanism can be used as a collaborative means of providing existing local government services such as waste collection, public facilities or maintenance of council land.

The model also provides new opportunities for collaboration between local governments, for example:

- ✓ regional aged care and support;
- ✓ local child care services;
- ✓ supply procurement;
- ✓ building management;
- ✓ shared office services (e.g. accounting, payroll or IT support); and
- ✓ advocacy groups for local tourism.

The new sections of the Act were activated by the Governor's proclamation on 20 January 2017. The proclamation is accompanied by the publication of the *Local Government (Regional Subsidiaries) Regulations 2017*.

The Regulations prescribe several matters that are necessary for the successful operation of regional subsidiaries. This includes:

- (a) the level of public consultation that must occur when forming a subsidiary;
- (b) a list of issues that a regional subsidiary's charter must address; and
- (c) several statutory rights provided to local governments to ensure the subsidiary remains within their control.

The Regulations also restrict a regional subsidiary from pursuing speculative investments, commercial enterprises or taking out financial loans except from a participant local government. This will ensure that these entities remain low risk and non-commercial as Parliament intended.

A detailed list of the Regulations are attached for your consideration, along with a comparison table of how a regional subsidiary compares to the existing Regional Local Government model.

The Regulations are the result of consultation with the local government sector and other stakeholders. I take this opportunity to thank all the local governments and peak organisations who assisted in this process.

Guidelines and supporting information are being prepared to assist local governments who may wish to take advantage of the new model. These documents will be released once my Department of Local Government and Communities has consulted further with stakeholders on appropriate content.

If you have questions regarding the Regulations, please contact Mr Steven Elliott, Senior Legislation Officer at my Department, on 6552 1642 or alternatively by email to [steven.elliott@dlgc.wa.gov.au](mailto:steven.elliott@dlgc.wa.gov.au).



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