



**Hon David Templeman MLA**  
**Minister for Local Government; Heritage; Culture and the Arts**

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Our Ref: 66-01896

TO ALL LOCAL GOVERNMENTS

CIRCULAR N<sup>o</sup> 06-2017

**REGIONAL SUBSIDIARIES – GOVERNMENT POLICY AND GUIDELINES**

I am pleased to announce the release of the policy and guidelines for the establishment of regional subsidiaries.

The guidelines address:

- drafting a business plan;
- public consultation; and
- drafting a charter.

The policy sets out the basis on which I will make decisions to approve charters.

These documents are available for viewing on the website of the Department of Local Government, Sport and Cultural Industries. I encourage the sector to consider these documents and investigate how a subsidiary might benefit your communities.

The local government sector raised concerns about limitations placed on the operations of regional subsidiaries. In response, I have approved amendments to the *Local Government (Regional Subsidiaries) Regulations 2017* in relation to land transactions. A subsidiary will now be able to conduct land transactions if they are necessary for pursuing a purpose specified in the subsidiary's charter. For example, a regional subsidiary will now be able to lease or purchase premises from which to operate or deliver services.

It is anticipated that these amendments will be in place within three months.

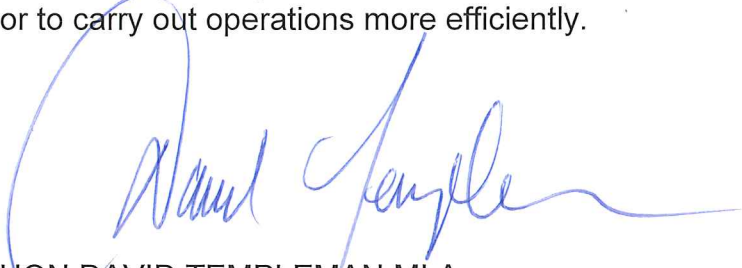
I have given consideration to the sector's request to allow regional subsidiaries to borrow money directly from financial institutions, and for the moment have concluded that the borrowing of money by subsidiaries would create a level of risk that the regional subsidiary model is not designed to manage. It would also pose a significant risk to the participating local governments, since they would be the guarantors of any loans which their subsidiaries might become incapable of repaying.

However, this can be further explored during the review of the Local Government Act 1995, as I am very keen to see Regional Subsidiaries work and be adopted.

The review of the *Local Government Act 1995* will also examine other related matters such as local government enterprises and financial management more generally. The review will be conducted in two phases with the first consultation paper expected to be released in November 2017 and the second mid-2018. I encourage all local governments to actively participate in this review.

If you have any queries regarding regional subsidiaries, please contact Steven Elliott, Senior Legislation Officer, by phone on (08) 6552 1642 or by email via [steven.elliott@dlgsc.wa.gov.au](mailto:steven.elliott@dlgsc.wa.gov.au).

I look forward to receiving applications for approval of regional subsidiaries enabling two or more local governments to deliver services to their community more effectively or to carry out operations more efficiently.



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