



LOCAL GOVERNMENT ACT REVIEW ►► DELIVERING FOR THE COMMUNITY

DETAILED  
DISCUSSION PAPER

AGILE

## Beneficial Enterprises

Our vision is for the local government sector to be agile, smart and inclusive.

Our objective is to reform local government so that it is empowered to better deliver quality governance and services to their communities now and into the future.

A new Local Government Act will be drafted, Transforming Local Government.

Agile includes topics that focus specifically on how local governments can best use their resources. It is important that they are transparent and accountable to their communities, while striking a balance between community expectations and the practical limitations of revenue and expenditure.

The topics addressed in this theme are:

- Financial management;
- Rates, fees and charges; and
- Beneficial enterprises.

### Have your say!

We need your input to inform how local government will work for future generations.

### Submissions

The simplest way to have your say is to answer the questions via the online surveys.

The survey questions relate to the matters discussed in the papers and we encourage you to read the relevant paper before completing the survey.

While you may lodge multiple written submissions via email at [actreview@dlgsc.wa.gov.au](mailto:actreview@dlgsc.wa.gov.au), you will only be able to complete each online topic survey once. The public submission period closes on 31 March 2019. This is the last day that you will be able to respond to the surveys.

**Note:** Unless marked as confidential, your submission (including survey responses) will be made public and published in full on the Department of Local Government, Sport and Cultural Industries' (the Department) website. Submissions that contain defamatory or offensive material will not be published.

## Introduction

In addition to the regulatory functions provided, local governments also provide a broad array of services to the community which can have a commercial orientation for example: gymnasiums, pools, parking facilities, childcare facilities, sport complexes, caravan parks and regional airports.

While these activities provide services to the community, they also add to the complexity of the local government's business structure and recordkeeping. In some cases, these services are large enough to be carried on as an individual business in their own right.

The local government sector has been requesting that it be given additional powers to form independent corporations. These entities could be used to manage a local government's existing business activity or pursue new commercial opportunities.

## What powers do Western Australian local governments currently have?

Currently under the *Local Government Act 1995* (the Act), local governments have two options for forming independent corporate bodies:

- Regional local governments; and
- Regional subsidiaries.

A local government cannot form or take part in forming, or acquire an interest giving it the control of, an incorporated company or any other body corporate other than a regional local government or a regional subsidiary.

### Regional Council

A Regional Council is a corporate entity formed by two or more local governments.

The corporation is a separate legal entity from the local government that conducts business activities in its own name, has similar powers to that of a local government and is subject to all the financial and auditing requirements which apply to a local government.

A Regional Council can be formed to carry out any purpose which the member local governments could perform individually. This includes commercial activity, investment of money or the provision of community services.

Regional Councils are typically created as a way for local governments to streamline and standardise a particular service over multiple districts (for example waste management and recycling facilities). This allows the local governments to pool their resources and take advantage of economies of scale.

## Regional Subsidiary

The ability to form Regional Subsidiaries was introduced in 2017 as a way of encouraging local governments to work more closely together with neighbouring councils to deliver services to the community or carry out functions such as payroll or records management. As a result, a Regional Subsidiary is smaller in scope and subject to less regulation than a Regional Council. The governing board can consist of members who are not elected members or local government staff thus allowing people with special expertise to be engaged to oversee the activities.

A Regional Subsidiary is only required to provide annual budgets and financial statements. All other financial reporting is determined by the subsidiary's charter as set out by the local governments that created the subsidiary.

The Act allows a regional subsidiary to be formed to carry out almost any activity which could be performed by a local government; however, the subsidiary cannot pursue commercial activity, carry out speculative investments or participate in non-essential land transactions.

### Major trading undertaking and major land transactions

A local government is currently also able to undertake a major trading undertaking (commercial activity) that has an expenditure over:

- \$5,000,000 for metropolitan local governments;
- \$2,000,000 for a major regional centre; or
- Less than 10% of their operating expenditure for all other local governments.

Local governments can also perform major land transactions that have an expenditure over:

- \$10,000,000 for metropolitan local governments;
- \$2,000,000 for a major regional centre; or
- Less than 10% of their municipal fund for all other local governments.

The local government must prepare a business plan which is provided for public comment for a period of at least six weeks.

Trading undertakings or land transactions under these limits can be carried out during the normal course of business.

Within a competitive marketplace, the requirements on local governments can place them at a commercial disadvantage when compared to the private sector. This can especially be the case when local governments attempt to progress urban renewal activities. The lost opportunities represent a cost which may be ultimately borne by the ratepayers.

## What can local governments do in other jurisdictions?

Each jurisdiction has developed a different framework as briefly described below.

In Queensland and Victoria the business or trading activities undertaken by local governments are called beneficial enterprises. These organisations provide local governments with a more efficient mechanism to better serve their communities. These bodies provide various services to the community where the private sector or State Government are unable or unwilling to do so.

Jurisdiction	Ability for a local government to form a Beneficial Enterprise
Western Australia	<ul style="list-style-type: none"> <li>• Cannot form a beneficial enterprise.</li> </ul>
New South Wales	<ul style="list-style-type: none"> <li>• A local government can form with the Minister's consent.</li> </ul>
Victoria <sup>1</sup>	<ul style="list-style-type: none"> <li>• A local government can:               <ul style="list-style-type: none"> <li>○ be a member of a corporation;</li> <li>○ participate in the formation of a corporation;</li> <li>○ acquire shares in a corporation; and</li> <li>○ appoint a person to be a Director(s) on the Board of a corporation (if applicable).</li> </ul> </li> <li>• The Council must report on the operations and performance of each enterprise in its annual report.</li> </ul>
Queensland	<ul style="list-style-type: none"> <li>• A local government can enter into a:               <ul style="list-style-type: none"> <li>○ Partnership (although not an unlimited partnership);</li> <li>○ Corporation limited by shares (not listed on the stock exchange);</li> <li>○ Corporation limited by guarantee (not listed on the stock exchange); and</li> <li>○ Another association of persons that is not a corporation.</li> </ul> </li> <li>• Annual Report must list all beneficial enterprises operated by the local government.</li> </ul>
South Australia	<ul style="list-style-type: none"> <li>• A local government can:               <ul style="list-style-type: none"> <li>○ Establish a business; or</li> <li>○ Participate in a joint venture, trust, or partnership.</li> </ul> </li> </ul>

<sup>1</sup> The powers described are not within the current *Local Government Act 1989* (Vic), but are currently before the Victorian Parliament within the Local Government Bill 2018.

Jurisdiction	Ability for a local government to form a Beneficial Enterprise
	<ul style="list-style-type: none"> <li>• A local government should ‘take reasonable steps’ to separate its regulatory activities from other activities.</li> </ul>
Tasmania	<ul style="list-style-type: none"> <li>• A local government can form or participate in a: <ul style="list-style-type: none"> <li>○ Corporation;</li> <li>○ Partnership, trust or other body;</li> <li>○ Company limited by guarantee; or</li> <li>○ Project or activity for the purpose of raising revenue.</li> </ul> </li> <li>• The consent of the Minister is required if: <ul style="list-style-type: none"> <li>○ the proposal exceeds \$250,000 or 5% of the local government’s annual rate revenue; or</li> <li>○ the proposal requires the council to borrow money when it already has total borrowings exceeding 30% of its general revenue (does not include grants).</li> </ul> </li> </ul>
Northern Territory	<ul style="list-style-type: none"> <li>• Nil.</li> </ul>

## New Zealand Model – Council Controlled Organisation

Local governments in New Zealand also possess the power to form corporations known as Council Controlled Organisations (CCOs).

The CCO is designed to serve a far broader role than the role that local government corporations serve in Australia.

New Zealand has a two-tier system of government, meaning local governments provide and manage services which are usually done by Australian State and Territory Governments, for example water utilities and public transport.

Under New Zealand legislation, a CCO:

- (a) May be formed by an individual local government;
- (b) Can pursue any purpose, including purely commercial activities which have no connection to a local government purpose;
- (c) Does not require any consent from the Government;
- (d) May be partially owned by private shareholders; and
- (e) Is subject to financial scrutiny by the Auditor General.

Furthermore, the New Zealand system provides that a council is not liable for the debts of the CCO and is directly prohibited from guaranteeing these debts. This is a significant difference from Australian jurisdictions which require local governments to guarantee the debts of any corporations they form.

## What are the opportunities for reform?

### WALGA's proposed Council Controlled Organisations (CCO) Scheme

The local government sector through the Western Australian Local Government Association (WALGA) has long advocated to be able to establish corporate entities that are independent of the local government and which operate under normal company law.

These entities would be able to deliver projects and services needed by the community, for example leisure centres, waste management, regional airports, and land development/urban renewal projects that would otherwise not be undertaken by the private sector.

While some of these activities (for example waste management) are currently provided by Regional Councils, this model does not provide the flexibility or agility required to compete in a commercial marketplace. For example, the Regional Council model requires multiple local governments to agree to all aspects of the Regional Council operations. This can limit the ability for Regional Councils to be responsive to changing community expectations.

One example of where a beneficial enterprise could be more effective than a Regional Council is waste management services. Currently, a Regional Council seeking to implement a three bin system would need to receive the support of each member local government. As a beneficial enterprise, a waste authority beneficial enterprise could implement these service delivery improvements immediately.

In other cases, local governments could operate beneficial enterprises where market failure has resulted in the closure of vital community businesses required for small communities to thrive, such as pharmacies and grocery stores. The opportunity to use beneficial enterprises to grow small regional towns has been frequently highlighted by local governments located in Western Australia's regions.

WALGA's proposed scheme is similar to the New Zealand scheme, specifically:

- A CCO may be formed by one or more local governments;
- An existing business can be converted into a CCO;
- One (or more) local governments must have a controlling share;
- A CCO will be regulated by the applicable company law to the corporate structure adopted (including the relevant taxation regime);
- CCOs will be required to produce an annual report;
- The local government will be required to refer to the CCO in their annual report;
- Directors are to be appointed based on their skills, knowledge and experience (not just because they are an elected or staff member of the local government);
- There is to be a minimum of three Directors/Trustees regardless of the corporate structure adopted;



- A CCO can borrow money from a commercial lender, Western Australian Treasury Corporation or from a shareholder local government; and
- A CCO will be audited by the Auditor General.

A CCO cannot:

- Be used for core functions (for example regulatory functions).

A local government cannot:

- Provide a guarantee or security for the debts of a CCO;
- Lend money to the CCO unless on market terms (including transaction costs); or
- Provide any financial advantage (for example, subsidised fees, charges and rates).

Prior to creation a local government must:

- Consult widely (community consultation framework is currently being considered as part of the Act Review); and
- Prepare a Statement of Intent (reviewed annually) and a Business Plan.

WALGA suggests that the Statement of Intent should:

- Provide how the entity will engage with community expectations;
- Outline the reporting requirements to the local government;
- Be publicly available; and
- Be reviewed annually.

The Business Plan will provide the:

- Rationale for its creation;
- Commercial objectives to be achieved; and
- Key financial and risk parameters under which it will operate.

The Business Plan is intended to provide a transparent explanation of the anticipated scale, funding and viability of the proposed entity. It would ensure that any local government (and community) contemplating the establishment of a CCO fully understands the medium-term prospects of the entity, including equity and capital needs and its future capacity to pay dividends to the shareholding local government.

Other Considerations

### **Competition with the private sector**

In the 1990s, the Federal and State Governments came together to consider the ways that government bodies interacted with the economy and the impacts they could have on the free market.

The result was the development of the National Competition Policy (NCP). This interstate agreement requires all levels of government to adhere to competitive neutrality principles whenever they conduct commercial activity.

One of these principles is ensuring that government-controlled businesses do not enjoy competitive advantages simply because they are publicly owned and backed by public money.

This includes:

- Limiting the extent to which public money is used to support the entity, particularly if it is not profitable;
- Not exempting the entity from Commonwealth and State taxes; and
- Ensuring that the business complies with the same regulations which apply to private competitors.

While local governments are not direct parties to the NCP, State Governments are required to apply the NCP to the local government sector when administering legislation. The State Government also has a commitment to ensuring that any amendments to the Act are within the spirit of the NCP principles.

NCP does not apply to non-business and non-profit activities. Local governments wishing to establish a beneficial enterprise for commercial activity would be required to assess whether the proposed beneficial enterprise will impinge on the NCP principles.

This will require the local government to assess if the activity they intend to undertake is firstly, a business activity, opposed to a regulatory or governance activity and then if the business activity is a significant business activity.<sup>2</sup>

Other factors to consider include:

- Actual or potential competitors;
- The size of the market share;
- Influence upon the market;
- Being the regulator of a competing business; and
- The requirement to impose full cost-reflective pricing.<sup>3</sup>

### **Types of corporate structures**

Under company law there are many different corporate structures that can be used, for example:

- Sole Trader;

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<sup>2</sup> NCP only applies to 'significant business activities', for further information see <http://archive.treasury.gov.au/documents/275/PDF/cnps.pdf>.

<sup>3</sup> Full cost-reflective pricing ('competitive neutrality pricing') is the most commonly used competitive neutrality measure. It is a process of determining the competitive neutrality adjusted cost of undertaking an activity and applying a pricing structure that reflects the full cost apportioned to the business activity.



- Partnership;
- Limited liability Partnership;
- Company limited by guarantee;
- Proprietary Limited company;
- Public company; and
- No liability companies.

Each structure has different advantages and disadvantages to their operation. If the ability for a local government to create beneficial enterprises is permitted, should a local government be limited to only certain corporate structures, as this itself could restrain a local government from the most efficient operation as possible.

When considering corporate structures another question that arises is, should a local government be able to guarantee the debts of the beneficial enterprise?

The ability to guarantee debts raises some issues:

- Commercial finance will be able to be raised at a cheaper rate (leading to a possible competitive neutrality issue);
- The appropriateness of using public money for that purpose; and
- Whether a current local government should be able to place an unknown, contingent liability upon unknown rate payers at an unknown time in the future.

Not allowing a local government to provide a guarantee may limit the ability of a local government to provide public services, such as aged care.

### **Risks involved**

As with all activities there is always risk – who bears those risks needs to be considered.

#### ***Financial risks***

The initial funding for the establishment of the beneficial enterprise will be borne by the local government, and therefore the ratepayers. A beneficial enterprise that is conducting an activity such as providing services to the community is likely to be doing so at a loss. This will consequently require continued injections of capital from the local government.

While an argument is sometimes made that this enterprise may be able to provide services more efficiently, it will also be subject to the full range of rates and taxes and will have higher finance costs than a local government which can borrow from the Western Australian Treasury Corporation at subsidised rates.

A beneficial enterprise that is established to conduct a commercial activity will still need financial support from the local government during the start-up phase. All commercial activity is subject to a risk of failure. The higher the possible returns, the greater the risk that these will not be achieved. A failed enterprise will reflect badly on

the local government that established it and could have wider effects on the community.

### ***Concerns with privatisation***

Some members of the community have raised concerns with beneficial enterprises being used to privatise local government services. While WALGA proposes that a beneficial enterprise will not be used to provide regulatory functions, local governments employ a significant number of employees that provide services that are not regulatory in nature.

The concerns raised include:

- Lower wages;
- Less secure employment conditions;
- Employees being employed outside the protection of the Western Australian industrial relations system;
- Use of labour hire agreements; and
- Less accountability of public money.

All the issues raised above need to be weighed against the potential benefits associated with permitting a local government to form a beneficial enterprise.

### **Which local governments should have the ability to form a beneficial enterprise?**

Beneficial enterprises are complex and present risks to the council and ratepayers. With the need to obtain legal and financial advice there are significant costs to establish such an organisation. There is also the question of what funding will be provided to the enterprise to enable it to operate.

### ***Ability to form a beneficial enterprise based on percentage of annual expenditure***

Local governments in Western Australia vary considerably in respect to their capacity to raise revenue and their expenditure. For example, the combined operating budget of the State's 40 smallest local governments is less than the annual operating expenditure of the State's largest local government.

This variation complicates allowing all local governments to establish beneficial enterprises. For 88 of the State's 137 local governments, an investment of \$300,000 represents more than 2% of their annual expenditure. This means that \$150,000 can represent a significant proportion of the total annual budget of many local governments. Conversely, 11 local governments have an annual budget that exceeds \$100m annually. For these local governments, \$300,000 is a comparatively small amount of their total annual budget.

### ***Ability to form a beneficial enterprise based on an assigned salaries and allowances band***

Another approach would be to set the eligibility threshold based on an assigned band. Banding is currently used by the Salaries and Allowances Tribunal (Tribunal) to set the remuneration of council members and local government Chief Executive Officers. Local governments are categorised into one of four bands based on a model that incorporates factors such as population, diversity of services, significant social, economic and environmental issues and expenditure.

Incorporating Tribunal bands could better reflect the diversity and varying capacity of local government. On the other hand, it could be argued that investment or financial risk is not aligned with the factors used by the Tribunal.

Examples of which local governments fall into which band is provided below:

<b>Tribunal band</b>	<b>Example local governments</b>
1	Bayswater, Bunbury, Gosnells, Kalgoorlie-Boulder, Port Hedland, Swan.
2	Esperance, Harvey, Northam, Nedlands, Vincent, South Perth, Subiaco.
3	Capel, Claremont, East Fremantle, Gingin, Ravensthorpe, Yilgarn.
4	Bruce Rock, Cue, Dundas, Peppermint Grove, Yalgoo, Westonia.

### ***Ability to form a beneficial enterprise based on the Financial Health Indicator***

The Financial Health Indicator (FHI) is a measurement of a local government's overall financial health. The FHI methodology was developed by the Western Australian Treasury Corporation (WATC) with input from financial professionals working in local governments across Western Australia.

The result is calculated from the seven financial ratios that local governments are required to report annually. The weighted average of the ratios is used to calculate the overall result.

Local governments that perform better across the seven areas tend to have greater financial health. This method, while useful, can fluctuate significantly from year to year. If this approach was to be adopted an average over, for example five years, would need to be used.

Current 5-year average FHI score	Example local governments
90% +	Belmont, Claremont, Cambridge, Karratha, Melville, Stirling, Swan.
80 – 89%	Bayswater, Harvey, Kent, South Perth, Victoria Park, Wyalkatchem.
70 – 79%	Cottesloe, East Fremantle, East Pilbara, Gingin, Katanning, Perth.
60 – 69%	Collie, Fremantle, Gosnells, Peppermint Grove, Vincent, Westonia.

***Ability to form a beneficial enterprise based on risk assessment***

Assigning a local government’s ability to form a beneficial enterprise according to risk may present a means to reward good governance. Currently, local governments are assigned a risk category by the Department annually based on their financial performance and general governance. By expanding and diversifying the factors taken into account, it may be possible to scale the ability to form a beneficial enterprise to meet the diverse capacity of local government. This method, known as graduated compliance, would be the most sophisticated of the tiered approaches but would also be the most complex to administer and could result in substantial changes year over year.

2018 Risk score	Example local governments
High	Carnarvon, Coolgardie, Halls Creek, Perth, Wiluna, Yilgarn.
Medium to high	Beverley, Cunderdin, Exmouth, Katanning, Mukinbudin, Shark Bay.
Low to medium	Boddington, Gingin, Joondalup, Kent, Mandurah, Vincent.
Low	Bunbury, Dalwallinu, Kalgoorlie-Boulder, Peppermint Grove, Swan.

### ***Ability to form a beneficial enterprise based on local government expenditure***

An alternate methodology would be to provide all local governments with the ability to form a beneficial enterprise but to place a cap on the amount of money the local government could invest based on their annual average expenditure.

Under this approach, local governments would only be able to form a beneficial enterprise if the investment was less than a set percentage of that local government's average annual operating expenditure over a set number of years up to a maximum amount.

#### **Example – Ability to form a beneficial enterprise scaled to expenditure**

Over the last three financial years a given local government has had an annual operating expenditure of \$63 million, \$60 million and \$59 million. The three-year average annual operating expenditure of the local government is \$60.6 million.

Under an approach that provided for a scaled ability to form a beneficial enterprise according to expenditure, the local government would need to have a cost of investment that was less than a set percentage of this average annual expenditure.

In this scenario, if the prescribed percentage was 0.5%, for example, the investment threshold for the local government could be \$303,000 (0.5%), \$606,000 (1%) or \$1.2 million (2%).

Note: The median (average) local government operating expenditure in Western Australia is \$10 million. The threshold for the median local government would be: \$50,000 (if set at 0.5%), \$100,000 (1%), \$200,000 (2%), \$500,000 (5%) \$1 million (10%).

### ***Risks with limiting which local governments can form a beneficial enterprise***

While there is merit in considering if the ability to form a beneficial enterprise should not be available to all local governments, there are disadvantages to restricting the ability.

Some regional and remote local governments see merit in providing commercial services with the intention of arresting or reversing economic decline in regional towns.

In many such cases, private owners are unable to obtain an adequate commercial return from an enterprise or are unable to service the associated debts, resulting in the closure of local businesses with consequential loss of amenity and increased costs for the community. In such circumstances a local government may see opportunities to achieve broader social outcomes that justify accepting reduced financial returns, and thus step into the service gap itself.

## **Control and accountability of the beneficial enterprise**

The underlying principle of company law is that on incorporation the company becomes a 'legal person' with the ability to sue and be sued and make its own decisions.

WALGA has suggested that an appropriate amount of control can be achieved through a Statement of Intent created by the local government prior to establishment of a beneficial enterprise, and which is reviewed annually by the local government. This will allow the local government to link the Statement of Intent with the Community Strategic Plan and other long-term planning objectives of the local government. The objectives in the Statement of Intent would be set by the local government(s) and because the local government(s) would be the majority shareholder(s) the local government will have some ability to control the beneficial enterprise.

While a beneficial enterprise would be a separate legal body from the local government, it would still be one that has been created with public money and assets. As such it raises questions about what, if any, additional accountability measures should be required as part of a governance regime.

Several different accountability mechanisms have been suggested:

- Ministerial approval;
- Audits by the Auditor General; and
- Public meetings.

### ***State Government's role***

Any Ministerial approval would address whether processes set out in legislation or policy had been correctly followed. The State Government does not assess the commercial viability of a business proposal, the level of risk to the community or whether appropriate controls are in place.

### ***Auditor General***

With the passage of the *Local Government (Auditing) Act 2017*, the Auditor General became responsible for auditing all local governments in line with the responsibility to audit State Government agencies.

In addition to auditing State Government agencies the Auditor General is responsible for auditing or appointing the auditor<sup>4</sup> of all subsidiary bodies (normally referred to as Government Trading Enterprises) formed by the State Government. Similar requirements could be imposed upon a local government that forms beneficial enterprise.

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<sup>4</sup> For bodies that formed or registered under the *Corporations Act 2001* (Cth) which are outside of Western Australia.

### ***Public meetings***

While companies are required to have annual general meetings for their shareholders, there is no requirement to have a general meeting for members of the public to attend.

Similarly, State Government trading enterprises, for example Water Corporation, are not required to hold public meetings although they are held to account indirectly through the Parliament via the Minister responsible.

If beneficial enterprises were permitted, is it reasonable to expect a beneficial enterprise to hold public meetings and bear the associated costs incurred with hosting a public meeting. In addition to the requirement to hold an annual general meeting of shareholders, which the local government(s) will be able to attend and hold the beneficial enterprise to account on behalf of the community as the major shareholder.

### **What do you think?**

The easiest way to have a say on the future of your community is to complete the survey available [here](#).

Your responses to this survey will inform the review and will take approximately 15 minutes to complete.

We ask that you take care in completing a survey. While you may lodge multiple written submissions via email at [actreview@dlgsc.wa.gov.au](mailto:actreview@dlgsc.wa.gov.au), you will only be able to complete each online topic survey once.

The public submission period closes on 31 March 2019. This is the last day that you will be able to respond to the surveys.

Unless marked as confidential, your submission (including survey responses) will be made public and published in full on the Department's website. Submissions that contain defamatory or offensive material will not be published.

The questions in the survey are provided below but we encourage you to complete the survey online which is available [here](#).



## Survey - Beneficial Enterprises

1. Have you read the discussion paper associated with this survey?
  - a. Yes
  - b. No
2. Who are you completing this submission on behalf of?
  - a. Yourself
  - b. An organisation, including a local government, peak body or business
3. What is the name of that organisation? Shire of Carnarvon
4. What is your name? David Burton
5. What best describes your relationship to local government?
  - a. Resident / ratepayer
  - b. Staff member or CEO
  - c. Council member, including Mayor or President
  - d. Peak body
  - e. State Government agency
  - f. Supplier or commercial partner
  - g. Community organisation
6. What best describes your gender?
  - a. Male
  - b. Female
  - c. Other
  - d. Not applicable / the submission is from an organisation
7. What is your age?
  - a. 0 – 18
  - b. 19 – 35
  - c. 36 – 45
  - d. 46 – 55
  - e. 56 – 65
  - f. 66 – 75
  - g. 76+
  - h. Not applicable
8. Which local government do you interact with most? Shire of Carnarvon.
9. Would you like to be updated on the progress of the *Local Government Act 1995* review and further opportunities to have your say?
  - a. Yes
  - b. No
10. Do you wish for your response to this survey to be confidential?
  - a. Yes
  - b. No
11. What is your email address?

12. The local government sector has been requesting that it be given additional powers to form independent corporations. These entities could be used to manage part of a local government's existing business activity or pursue new commercial opportunities. To what extent do you support the following statement?

"A local government should be able to create a company known as a beneficial enterprise."

- a. Very unsupportive
- b. Unsupportive
- c. Neutral
- d. Supportive
- e. Very supportive

13. To what extent do you support the following statements?

	Very unsupportive	Unsupportive	Neutral	Supportive	Very supportive
"There should be no limitations on a Local Government to create a beneficial enterprise."				x	
"Only local governments deemed to be a low risk should be allowed to create a beneficial enterprise."	x				
"Only local governments that meet a threshold for financial health should be allowed to be create a beneficial enterprise."		x			
"Local governments should only be permitted to invest in a company up to a specific percentage of their annual expenditure."			x		
"Only local governments that are in band 1 & 2 of the Salaries and Allowance Tribunal banding should be allowed to create a beneficial enterprise."		x			

	Very unsupportive	Unsupportive	Neutral	Supportive	Very supportive
"Local government beneficial enterprises should be able to compete with private businesses."		x			
"Beneficial enterprises should have to employ staff under the same pay rates and conditions as employees of local governments."			x		
"Local governments should have to tell their community how much they are investing in a beneficial enterprise."				x	
"Communities should be able to decide if their local governments can establish a beneficial enterprise."			x		

14. Which of the following functions should a local government beneficial enterprise be permitted to undertake?

	Agree	Disagree
There should be no restrictions	x	
Local governments should not be permitted to form a company		x
Statutory approvals for example building and planning	x	
Leisure centres	x	
Human resources	x	
Information technology	x	
Airports	x	
Waste management	x	
Parking	x	

	Agree	Disagree
Road maintenance	x	
Retail (shops and service stations)	/	
Age or child care facilities	x	
Land development	x	
Caravan parks	x	
Other (please specify)		

15. To what extent do you support the following statements?

	Very unsupportive	Unsupportive	Neutral	Supportive	Very supportive
"The local government should be required to guarantee any debt of a local government beneficial enterprise."				x	
"The local government should be able to lend money to a local government beneficial enterprise."		x			
"The Western Australian Treasury Corporation should be able to lend money to a local government beneficial enterprise"				x	
"Commercial lenders should be able to lend money to a local government beneficial enterprise"				x	

16. To what extent do you support the following statements?

	Very unsupportive	Unsupportive	Neutral	Supportive	Very supportive
"The local government <u>must</u> receive approval from the Minister prior to creating a local government beneficial enterprise."				x	
"The local government <u>must</u> receive approval from the Treasurer prior to creating a local government beneficial enterprise."			x		
"The Office of the Auditor General should be responsible for auditing local government beneficial enterprises."		x			
"A local government beneficial enterprise should be required to hold public meetings."		x			

17. Do you have any comments or feedback on the ability of a local government to form a beneficial enterprise? Additional information can also be provided to the review team via email at [actreview@dlgsc.wa.gov.au](mailto:actreview@dlgsc.wa.gov.au).