



# ***Your Protections: Audit, Risk and Improvement Committee and Reg 19D***

## ***A FAQ for Local Government***

What's changing from 30 June 2026

# Introduction

**This FAQ (Frequently Asked Questions) provides practical guidance for councillors and Audit, Risk and Improvement Committee (ARIC) members on how LGIS protections typically respond in common governance and legal scenarios, and what cover may apply when acting in an official capacity on behalf of local council.**




**Recent regulations have been made under section 6.14A, including the introduction of targeted limits on what councils can pay for or insure. LGIS policy wordings will be updated to align with these prohibitions from 30 June 2026 at 4:00pm WST.**

## **Are Audit, Risk and Improvement Committee (ARIC) members covered?**

 **An ARIC is an advisory committee established by council to strengthen governance and oversight. The committee provides independent advice and scrutiny that supports council decision-making and accountability.**

While historically committee members have often been councillors, recent reforms and best practice emphasise independent membership. Independent members must not be councillors of any local government. These independent members are part of a formal committee of council and like councillors, are offered protection under the various LGIS Protection policies.


## **Are councillors or ARIC members treated like employees for the purposes of workers' compensation?**

 No. Councillors and ARIC members do not meet the definition of "worker" under the *Workers' Compensation and Injury Management Act* (2023).


**Personal Accident cover is typically used to provide limited benefits (for example, loss of earnings or capital benefits) where applicable.**




## *What Scheme protections typically apply to councillors and ARIC members?*

 Councillors and ARIC members are generally included under the council's public liability, professional indemnity and management liability protections. Management liability cover is specifically designed to respond to governance, statutory breach and similar exposures. Policy wordings typically treat "member of any committee established by the council" as within scope, but cover is only triggered when the person is acting in an official capacity for and on behalf of the council.


## *How does management liability work for councillors?*

 Management liability policies commonly include a protection agreement whereby the Scheme will pay loss resulting from a claim first made during the period of protection against a covered person where the council has indemnified or agreed to indemnify that Loss. "Covered Person" expressly includes management committee members. Importantly, the policies operate only when the councillor is performing their official functions for the council.

## *What is section 6.14A of the Local Government Act 1995 (WA)?*

 Section 6.14A is a regulation-making power introduced by the Local Government Amendment Bill 2024. It enables regulations that can prohibit the use of local government resources, including insurance, for certain legal matters. The section itself does not directly prohibit particular uses; prohibitions arise only from regulations made under the section.

## *Have regulations under section 6.14A (regulation 19D) significantly limited councils' ability to indemnify or insure councillors?*

 No – the practical effect is relatively narrow.


**Regulation 19D prohibits a local government from paying for, or obtaining insurance for, a specific list of items ordered against a council member.**

However, it does not prevent a local government from paying for, or insuring for, a councillor's legal representation costs in most other circumstances. The reforms are therefore important but limited in scope.






## ***What specific items does regulation 19D prohibit a council from paying for or insuring?***

 Regulation 19D prevents payment of, or insurance for, the following when ordered against a councillor:

- Costs of adjudication of conduct complaints (previously “minor breach” complaints);
- Costs of mediation of conduct or general complaints;
- Modified penalties under certain infringement notices;
- Fines for offences under the Local Government Act;
- Costs of State Administrative Tribunal (SAT) proceedings; and
- Exemplary or punitive damages awarded in civil proceedings before a court.

## ***Will the new regulations affect other types of investigations or prosecutions?***


 The prohibitions are targeted and do not expressly bar councils from arranging indemnity or cover for most other proceedings. Areas of common concern include:

- WorkSafe investigations and prosecutions;
- Corruption and Crime Commission (CCC) investigations and prosecutions;
- Criminal proceedings generally;
- Investigations by the Local Government Inspector; and
- Defamation proceedings.

As a general observation, the regulations do not prevent indemnity for these categories, though exemplary or punitive damages remain excluded where specifically captured by regulation 19D.




## *How have complaint processes changed under the reformed Act and what does that mean for councillors?*

 Under the reformed Act, conduct breach complaints (formerly minor breach complaints) can be referred by the Local Government Inspector to an adjudicator who may require or recommend mediation and then determine the matter.

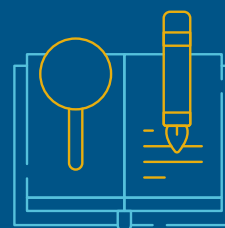
## *Does regulation 19D apply to council employees as well?*

 No. Regulation 19D applies only to elected members; it does not extend to employees.

## *How will the Scheme respond to regulation 19D?*

 The Scheme will amend policy wordings to align with the statutory prohibitions. Expect amendments to the definition of “loss” or to specific exclusions so that any costs, fines, penalties, damages or other amounts that fall within regulation 19D are expressly excluded from cover. These policy adjustments will take effect from 30th June 2026 at 4pm WST.

**The Scheme does not cover risk that is prohibited by law and the exclusionary language is only added to provide clarity.**





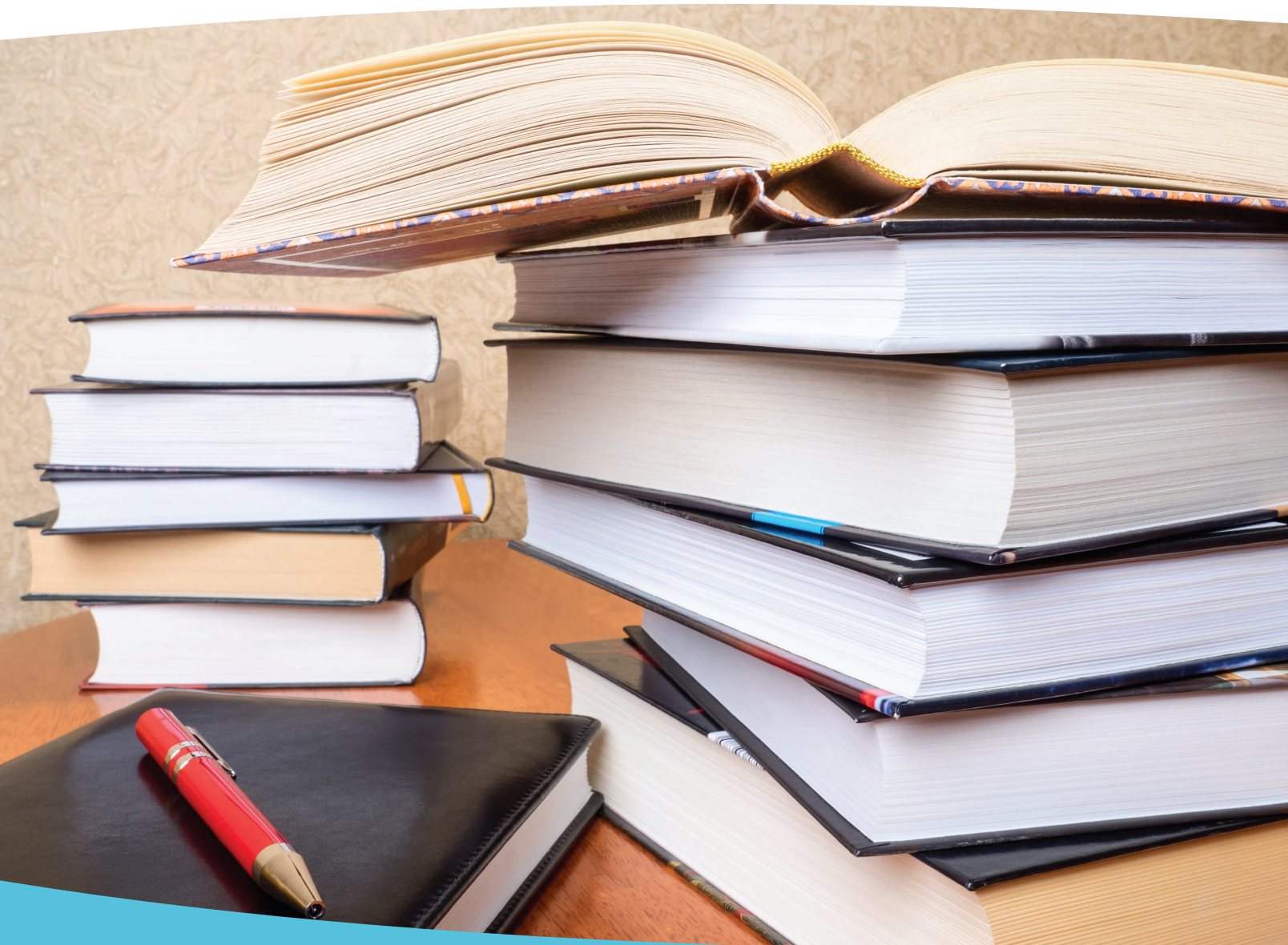
## ***What practical steps should local government take now?***




Under the Local Government Act 1995 (WA), councillors represent the interests of their community, and must facilitate and maintain good working relationships with other councillors and the CEO. This includes developing the requisite skills to effectively perform their role.

Please consider the following:

- If a dispute arises, explore avenues for resolution through informal processes, which may involve discussions with the CEO or another officer.
- Where a complaint or legal proceeding arises, consider whether independent legal advice or representation is appropriate — in most cases these complaints can be handled without council or councillors incurring legal costs. and whether council indemnity will apply in the specific circumstances.
- Use induction and ongoing training to reduce the risk of complaints and breaches. Good governance and record-keeping materially reduce exposure to claims.
- Be aware of the specific items that councils may no longer lawfully pay for under regulation 19D.
- Keep in mind that insurance cover has limits and that, putting aside legal costs, disputes may have other implications including on personal reputation. Active steps should be taken to avoid claims and litigation.




## *If a councillor is named in a complaint or legal proceeding, can they obtain legal representation?*

 Yes. Councillors remain entitled to obtain legal representation. In many circumstances council indemnity or insurance will remain available. The narrow prohibitions in regulation 19D apply only to the specific list of costs and awards noted above.

LGIS recommends that elected members and employees endeavour to resolve issues internally where possible, using established council procedures and acting in good faith. This approach supports timely local resolution while preserving the option to escalate to external bodies where internal mechanisms are unsuccessful or unsuitable. This is in line with expectations set out in the Local Government (Model Code of Conduct) Regulations 2021.

## *What should be specified in indemnity letters or council resolutions?*

 When council agrees to indemnify a councillor, the indemnity should be clear and documented. Key items to address include scope of the indemnity (which proceedings and which costs), conditions (for example, requirement to cooperate with council, to disclose material facts), whether the indemnity is subject to council discretion, or if recovery rights apply against the councillor. Indemnities should be written to align with current statutory constraints.

## *Who can councillors contact for more information or to discuss individual matters?*

 **Councillors should contact their council's CEO or governance officer in the first instance for any internal policy and indemnity questions. Your administration will contact LGIS for advice if further clarification is required.**



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