

WESTERN METROPOLITAN REGIONAL COUNCIL

CHANGE OF RESERVE FUND ACCOUNT PURPOSES

This notice is given under Section 6.11 of the Local Government Act 1995.

At the ordinary meeting of the WMRC on 5 April 2018 a Change of Reserve Fund Account Purposes was proposed. The proposed changes are set out in Report Item 9.6 and Resolution 9.6.1 in the minutes of the 5 April 2018 meeting. The relevant part of the meeting minutes are available for viewing at the WMRC Administration Office (Wearne House, 40 Marine Parade, Cottesloe WA 6011) or can be accessed online at www.wmrc.wa.gov.au.

John Stevenson
Acting Chief Executive Officer

9.6

PROPOSED AMENDMENTS TO RESERVE FUND ACCOUNTS

Responsible Officer: Acting Chief Executive Officer

Date: 23 March 2018

Attachments: NIL

SUMMARY

This Item reviews the existing reserve fund accounts as their original purpose no longer meets the needs of waste management which the WMRC must confront now and in the future. Amendments are proposed to align the reserve fund account purposes and funds to what is now required.

BACKGROUND

The purposes of the reserve accounts have not been reviewed since at least 2014. In adopting the budget for 2017/18 the WMRC determined to use reserve funding to provide for

- Non-operational legal costs relating to the administration of the WSA (Waste supply Agreement)
- A small capital programme
- Waste Operation Expenses relief to reduce member Council fees and charges to an acceptable level.

Transfers from reserve funds to meet expenses from the dot points above were approved by the WMRC and included in the 2017/18 budget. These transfers do not align with Reserve Fund purposes to be seen in **Table 1**.

Table 1 - Reserve Accounts as at 28 February 2018			
No	Title	Description	Amount \$
A	Future Development Reserve	To fund the purchase of land,secondary waste treatment,business development and research and development projects	2,270,424
B	Sustainability Reserve	To fund investigations or research into waste treatment or systems for more sustainable waste management practices	248,132
C	Interim Service Charge Reserve	To fund the contingent liability from DiCOM operator	207,850
TOTAL			2,726,406

BACKGROUND

Section 6.11 Reserve Accounts (2) of the Local Government Act 1995 requires transfers from reserve fund accounts that are not used for the stated purpose of the reserve account must be given one month's local public notice of the change. Such notice was not given but the WMRC can rely on 6.11(3) which states, that notice is not required where the change is disclosed in the annual budget of the local authority for that financial year.

DETAIL

To align the purpose of the Reserve Accounts to future financial requirements a number of changes are required and are shown in **Table 2** below. The red text denotes the proposed changes to the purpose of the accounts and fund transfers.

Table 2 - Proposed Changes to Reserve Accounts After 5 April 2018				
No	Title	New Description	Transfer Amounts \$ to C	New Amount \$
A	No change	To fund - the purchase of land, secondary waste treatments, plant, equipment and transfer station capital projects	1,770,424	500,000
B	Close	Close	248,132	0
C	Administration DiCOM Project Reserve	To fund - Non-operational administration and management including legal expenses of the Waste Supply Agreement. Relief for waste operations expenses. Consultant fees for Reviews of Business and Waste Operations Models	2,018,556	2,226,406
TOTAL				2,726,406

Further discussion on the quantum of Reserves Account fund transfers is in the Confidential Report Item 14.1 "Budget Funding Analysis". The amendments to the Reserve Fund Accounts proposed in **Table 2** are needed to provide the funding flexibility needed now and in the future. They are independent of any funding alternatives which may be decided arising out Confidential Report Item 14.1. They are commended to the WMRC.

STATUTORY ENVIRONMENT

Clause 6.11 Reserve Accounts of the Local Government Act 1995 applies and requires WMRC to give one month's local public notice of the changes contemplated in **Table 2**. For

the avoidance of any doubt the proposed use of reserve funds in the current financial year should be covered in any such notice.

CONSULTATION

Nil

REPORT IMPLICATIONS

Policy Implications

Nil

Financial Implications

Adjustments of expenses in 2017-18 and to the draft budget 2018-19 will need to wait until after the local public notice term of one month is met.

Strategic Implications

The proposed changes to the Reserve Fund Accounts will provide the WMRC with greater flexibility when setting the strategic direction for the Statutory Budget 2018-19.

COMMENTS

Nil

VOTING REQUIREMENT

Absolute majority

Moved: Cr Haynes Seconded: Cr Rodda

RESPONSIBLE OFFICER RECOMMENDATION

9.6.1 The proposed change of purpose and transfers for Reserve Accounts shown in Table 2 be endorsed and these be advertised as required by Clause 6.11 of the Local Government Act 1995.

9.6.2 At the end of the one month notice required at 9.6.1 the necessary adjustment of expenses be completed.

CARRIED 4/0