

**RESERVE FUNDS (LOCAL AUTHORITIES).**

14° and 15° Geo. VI., No. XXXVI.

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No. 36 of 1950.

**AN ACT to Authorise Local Authorities to Establish,  
Maintain and Expend Reserve Funds.**

[Assented to 18th December, 1950.]

**B**E it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and the Legislative Assembly of Western Australia, in this present Parliament assembled, and by the authority of the same, as follows:—

Short title.

1. This Act may be cited as the *Reserve Funds (Local Authorities) Act, 1950*.

Interpre-  
tation.

2. In this Act unless the context requires otherwise—

“authorisation” means authorisation conferred pursuant to the provisions of this Act;

“general reserve fund” means a fund for the purposes of carrying out general undertakings as distinguished from particular undertakings;

“local authority” means a council of the municipality of a municipal district, constituted

pursuant to the provisions of the Municipal Corporations Act, 1906-1947; the board of a road district constituted pursuant to the provisions of the Road Districts Act, 1919-1948, and the local authorities of the health district constituted by or pursuant to the provisions of the Health Act, 1911-1948;

“local government Act” used in relation to a local authority means the Act, by or pursuant to, the provisions of which, the local authority is constituted;

“Minister” used in relation to a local authority means the Minister of the Crown, to whom the administration of the appropriate local government Act applicable to the local authority is, for the time being, committed by the Governor and includes any Minister of the Crown for the time being discharging the duties of the office of the Minister;

“particular reserve fund” means a fund for the purposes of carrying out a particular undertaking;

“reserve fund” means a particular reserve fund or a general reserve fund;

“undertaking” used in relation to a local authority, means work, undertaking and function, which the local authority is authorised or required to carry out.

3. The provisions of this Act shall be read in conjunction with those of the appropriate local government Act, applicable to the local authority concerned, as if they were incorporated and formed part of that local government Act, but where there is conflict or inconsistency between the provisions of this Act and those of that local government Act, the provisions of this Act shall prevail. Application.

4. (1) Where an authorisation is required by the provisions of this Act, it may be sought and conferred pursuant to the provisions of this section. Authorisation.

- (2) (a) The local authority shall resolve to seek the authorisation.
- (b) The resolution shall specify particulars of the authorisation sought and be carried by a majority of the whole of the members of the local authority.
- (c) The local authority shall submit a request for the authorisation by notice in writing specifying particulars of the request—
  - (i) to a meeting of its ratepayers convened by the notice whose decision shall be final; or
  - (ii) in the event of less than twenty ratepayers being present at a meeting so convened, to the Minister.
- (d) The ratepayers or the Minister, as the case may be, may grant or refuse the request wholly or in part or with such modifications or alterations as are determined by them or by him, as the case may be.

Establishment of reserve funds.

5. (1) (a) A local authority may, subject to the provisions of this Act establish and maintain—
  - (i) a particular reserve fund or several particular reserve funds, each for the purposes of a particular undertaking;
  - (ii) a general reserve fund.
- (b) Where a local authority establishes a reserve fund it shall record the fund and all transactions affecting the fund in its accounts under a designation which distinctively indicates the purposes of the fund and the records relating to each reserve fund shall be kept individually and distinct from those of other reserve funds.

- (c) Where the purposes of a particular undertaking is the subject of one reserve fund it shall not be made the subject of another reserve fund.
- (2) A local authority may—
- (a) pay into a particular reserve fund or several particular reserve funds—
    - (i) the proceeds of the sale of capital assets;
    - (ii) all moneys collected by it in consequence of the imposition of a special rate under the authority of section eleven of this Act;
    - (iii) subject to the provisions of the next succeeding section, contributions from its ordinary revenue;
  - (b) transfer a reserve fund which is established pursuant to the provisions of the Local Authorities (Reserve Funds) Act, 1942-1945, and which represents, whether in money or investment, the proceeds of sale of capital assets, to a particular reserve fund or several particular reserve funds under this Act and thereupon the provisions of this Act shall apply and those of that Act shall cease to apply to that fund;
  - (c) pay into the general reserve fund—  
subject to the provisions of the next succeeding section, contributions from its ordinary revenue;
  - (d) transfer a reserve fund which is established pursuant to the provisions of the Local Authorities (Reserve Funds) Act, 1942-1945, and which represents, whether in money or investment, any money, other than the proceeds of sale of capital assets, to a general reserve fund under this Act and thereupon the provisions of this Act shall apply and those of that Act shall cease to apply to that fund.

Contributions from ordinary revenue.

6. (1) (a) A local authority may, by virtue of and without authorisation other than the provisions of this subsection appropriate in each year from its ordinary revenue for that year, a sum amounting to not more than five per centum of that revenue, and pay that sum into such of its reserve funds, in such amounts as it determines.

(b) The provisions of this subsection are in addition to and not in derogation of those of the next succeeding subsection.

(2) A local authority may, but only with authorisation, appropriate from its ordinary revenue sums in excess of that mentioned in the last preceding subsection and pay those sums into such of its reserve funds, in such amounts, in such years as the authorisation specifies.

Expenditure.

7. A local authority may—

(a) without authorisation, apply the money in a particular reserve fund for the purposes for which it was established;

(b) with authorisation—

(i) apply the money in the general reserve fund in carrying out such undertakings as the authorisation specifies;

(ii) notwithstanding the provisions of paragraph (c) of subsection (1) of section five of this Act, apply the money in a particular reserve fund, where no longer required for carrying out the undertaking for which it was established, in such undertakings as the authorisation specifies.

8. (1) A local authority may during such time Investment.  
as it shall not require the money in a reserve fund  
for the purpose of carrying out the undertaking for  
which it was established—

- (a) invest the money in such of the modes as are authorised by any Act, for the investment of trust funds by trustees or as the Minister, at the request of the local authority may, in his discretion, approve, but so that the investment is such that it can readily be converted into money;
- (b) sell investments made pursuant to the provisions of the last preceding paragraph or those held pursuant to the provisions of paragraphs (b) or (d) of subsection (2) of section five of this Act, and, for the purpose of the reserve fund concerned, either retain the proceeds of the sale including any profits in money or reinvest those proceeds in other investments referred to in the last preceding paragraph.

(2) Investments effected pursuant to the provisions of this section or transferred pursuant to the provisions of paragraphs (b) or (d) of subsection (2) of section five of this Act and accruals shall be regarded as representing money in the reserve fund from which they are made or purchased or on account of which they are held, as the case may be.

(3) Accruals on investments and the proceeds including profits realised on the sale of investments shall be paid into or held on account of the reserve fund, in which the investments represent money.

9. A local authority while maintaining a reserve fund for the purpose of carrying out an undertaking, shall not borrow money for that purpose except to the extent that the money or investments representing money in the reserve fund are insufficient for the purpose. Borrowing powers limited.

10. A local authority which is maintaining a reserve fund pursuant to the provisions of this Act, may— Exclusion from budget.

- (a) exclude from the annual estimates and statements required for the purpose of determining and fixing the rate of the

general rate to be levied from time to time pursuant to the provisions of the appropriate local government Act applicable to it, the amount of the money then in or investments then representing money in the reserve fund; and

- (b) determine and fix that rate as if there were no reserve fund.

**Special rate.**

11. (1) In addition to the powers conferred by the Road Districts Act, 1919-1948, and notwithstanding any rating limits thereby imposed, a road board may in any year impose and levy upon the rateable land contained within the whole of its district, or within any portion of its district prescribed for that purpose by the Governor in Council, a special rate for the purpose of creating a particular reserve fund under the provisions of this Act, subject to compliance with the following conditions—

- (a) the rate shall be imposed only after authorisation in accordance with provisions of section four of this Act;
- (b) the rate shall not exceed threepence in the pound of the unimproved value of rateable land in cases in which rates are assessed on that value, nor one shilling in the pound of the annual value of rateable land, in cases in which rates are assessed on that value.

(2) All the provisions of the Road Districts Act, 1919-1948, concerning the collection of rates shall apply to any rate imposed under the authority of this Act.

**Regulations.**

12. The Governor may make regulations prescribing all matters and things, which by this Act are contemplated, required, or permitted to be prescribed, or which appear to him to be necessary or convenient to be prescribed for the purpose of effectually carrying out the provisions of this Act, or for better effecting the objects and purposes of this Act.